

Presented pursuant to paragraph 8(7) of the Schedule to The Merseyside Museums and Galleries Order 1986 (SI 1986/226).

## National Museums and Galleries on Merseyside Annual Report and Accounts 2007-2008

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 4 DECEMBER 2008

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ISBN: 9780102958454

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**Annual Report**  
**Legal and Administrative Information**

**Name of the  
Charity**

National Museums & Galleries on Merseyside (NMGM). NMGM is an exempt charity by virtue of Schedule 2 to the Charities Act 1993.

On the 16 April 2003 the Board of Trustees adopted the operating name "National Museums Liverpool" (NML). Government reporting protocols require that the statutory name be used to identify the account on the cover and sheet headers. However, where possible the operating name or its abbreviated form has been used throughout the Annual Report and Financial Statements.

The Annual Report and Account represents the ARA for the museum consolidated with the wholly owned subsidiary trading company.

**Governing  
instrument and  
constitution of  
NML.**

NMGM was established as an incorporated Trustee Body by the Merseyside Museums and Galleries Order 1986 which was laid before Parliament on the 13 February 1986 by the Chancellor of the Duchy of Lancaster following a recommendation to Her Majesty in Council under section 46 of the Local Government Act 1986 (amended by the Museums and Galleries Act 1992).

NML is a Non Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS).

The financial statements have been drawn up in accordance with the statutory requirements detailed in the Charities SORP 2005 and the HM Treasury Financial Reporting Manual (FReM).

**Trustees**

The Board of Trustees during the year comprised:

Loyd Grossman OBE, Chairman (until 1 July 2008)  
Professor Phil Redmond CBE Chairman (from 1 August 2008)  
Sir Neil Cossons OBE  
Jonathan Falkingham  
Bryan Gray MBE  
Professor Chris Green  
Norman A Kurland  
Professor Margaret MacKeith CBE  
Professor Sarah Palmer  
Alexis Redmond  
Gillian Reynolds MBE  
Lorraine Rogers  
Anil Ruia OBE JP  
Eva Wisemark  
Brian Wong

Loyd Grossman OBE resigned as Chairman of Trustees with effect from 1 July 2008 and was succeeded by Professor Phil Redmond CBE, who took up the post from 1 August 2008.

**Trustee  
Committees**

The following Trustee committees met during the year: -  
Audit Committee, Chair – Professor Margaret MacKeith CBE  
Capital Programme Committee, Chair - Jonathan Falkingham

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Development & Communications Committee, Chair - Gillian Reynolds MBE  
 Development Trust, Chair – Gillian Reynolds MBE  
 Finance Committee, Chair – Alexis Redmond  
 Human Resources Committee, Chair – Eva Wisemark  
 Public Services Committee, Chair – Sir Neil Cossons OBE  
 Remuneration Committee, Chair – Loyd Grossman

**Register of Interests**

A register of interests disclosed by individual Trustees is available on request for inspection at the Principal Office along with minute book entries of disclosures made at Trustee meetings.

Related party transactions are shown in note 20 on pages 68-70.

**Open Government**

NML complied with the requirements of the *Freedom of Information Act 2000*. NML's publication scheme can be found at [www.liverpoolmuseums.org.uk/about/foia/ps\\_museuminfo.asp](http://www.liverpoolmuseums.org.uk/about/foia/ps_museuminfo.asp).

Copies of the proceedings of the Board of Trustees, subject to exemption where appropriate under the Freedom of Information Act 2000, are also available on our website (summaries in the case of meetings prior to 2004/05).

**Principal and Registered Office of NML**

World Museum Liverpool (formerly Liverpool Museum)  
 William Brown Street  
 Liverpool  
 L3 8EN

**Bankers**

National Westminster Bank Plc  
 PO Box 138  
 22 Castle Street  
 Liverpool  
 L69 2BE

**Auditors**

<p><b>Consolidated Account</b>          The Comptroller and Auditor General          National Audit Office          151 Buckingham Palace Road          London          SW1W 9SS</p>	<p><b>Trading Company</b>          MacFarlane &amp; Co          Cunard Building          Water Street          Liverpool          L3 1DS</p>
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**Solicitors**

<p>Halliwells          100 Old Hall Street          Liverpool          L3 9TD          (merged with Cuff Roberts)</p>	<p>Mace and Jones          19 Water Street          Liverpool          L2 0RP          - For employment law</p>	<p>E Rex Makin &amp; Co          Whitechapel          Liverpool          L1 1HQ          - For compensation claims</p>
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**Friends**

The Friends of National Museum Liverpool continued to offer their support through volunteering for different projects.

In the last year the Friends gave £5,500 towards a previous pledge, for the acquisition of the Herculaneum Tea Set.

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The Friends hosted the 2007 annual conference of the British Association of Friends of Museums at the Merseyside Maritime Museum with the support of National Museums Liverpool.

### **Operating and Financial Review**

#### **Operating Review**

##### ***Business Objectives and Strategy***

NML is one of a number of national museums sponsored by the DCMS; its activities impact upon several economic sectors, locally, regionally and nationally.

NML: -

- preserves, interprets and exhibits its inherited and acquired cultural assets;
- creates, develops and delivers learning programmes;
- ensures that its museums and galleries are also popular cultural attractions;
- reaches out beyond the confines of its venues to wider social and cultural communities;
- plays its part in wider civic and national initiatives; and
- makes a contribution to the economic regeneration strategies of the city.

#### ***Structure, Governance and Management***

The DCMS provide the majority of revenue funding to NML. Trustees are appointed after consultation with the DCMS; the appointment process aims to ensure that appointees reflect a wide range of experience and expertise. Trustees are presented with an induction pack when appointed. Specific issue workshops and a new training programme were developed during the year.

Trustees monitor risks facing NML by receiving and considering reports on specific risks, in specific projects, identified within the papers submitted to the Board and Trustee Committees during the year.

At officer level the direction of NML is determined by: -

The Director and Accounting Officer, National Museums Liverpool (David Fleming);

The Executive Director of Development and Communications (Amy de Joia);

The Executive Director of Finance (Keith Pennington, now retired and succeeded by Michael Lawrie-Simmons);

The Executive Director of the Museum of Liverpool Project (Sharon Granville);

The Executive Director of Collections Management (John Millard);

The Executive Director of Visitor Management (Carol Rogers) and

The Director of Human Resources (Irene Newton, now succeeded by Maxine Garden).

There is an Executive Team which comprises the Directors, and the Secretary to the Board of Trustees.

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The Executive Team reports to the Board of Trustees, and to other committees of trustees, in accordance with an annual committee cycle; where urgent business requires meetings outside of the meeting cycle these are arranged as required. The Director, David Fleming, attends each Trustee committee meeting.

There are two further strategic management levels below the Executive Team, namely, the Senior Management Team and the Strategy Forum.

There are currently seven public museums within the NML family. These are: -

- World Museum Liverpool (formerly Liverpool Museum) – William Brown Street, Liverpool;
  - Walker Art Gallery - William Brown Street, Liverpool;
  - Merseyside Maritime Museum – Albert Dock, Liverpool;
  - International Slavery Museum;
  - National Conservation Centre – Whitechapel, Liverpool;
  - Lady Lever Art Gallery – Port Sunlight Village, Bebington, Wirral;
  - Sudley House – Mossley Hill Road, Liverpool; and
- in addition; the forthcoming Museum of Liverpool.

**Management of human capital**

NML places great importance upon the development of the potential within all staff and constantly seeks to enhance the skills and competencies the organisation needs to be successful. There has been continued significant investment in Management Development with some 254 managers having completed the programme by the end of July 2008.

NML recruits staff through fair and open competition and, are committed to selection on merit.

In 2007/08 a total of 98 appointments were made and of these: -

- 70% were women;
- 2% were disabled people; and
- 5% were non-white British.

There were no instances where the “fair and open competition and selection on merit” procedures were by-passed.

**Involvement of employees in the affairs, policy-making and performance of NML**

All staff are encouraged to become involved in the formation and delivery of policies and to contribute towards the assessment of performance effectiveness within NML.

NML formally recognises two trade unions: Prospect and the Public and Commercial Services Union.

The Trustees’ deliberations and resolutions are disseminated through the Strategic Plan, Divisional and Departmental meetings and circulation of Board minutes. A newsletter is issued covering current events and activities.

The decisions of the Executive Team and specific working groups are communicated via an agreed briefing process.

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**Disabled Persons** NML and its subsidiary trading company continued to apply established policies toward the employment, training and development of disabled persons. Staff are actively encouraged to become involved in the assessment of policies affecting the employment, training and personal development of people with disabilities, through NML's Diversity Working Group. NML will facilitate an occupational health and workplace assessment to consider any reasonable adjustments necessary to be able to perform the role for both job applicants and existing employees who have a disability. There are currently 37 full-time equivalent employees, who consider themselves disabled; employed by NML during the year.

Appropriate training is arranged for people with disabilities, including retraining for employees who become disabled, to promote career development within NML. A Disability Working Group actively reviews the requirements of the Disability Discrimination Act.

The staff Access Action Group monitors the organisation's provision for disabled people. At the beginning of the year it produced a book of access standards for display design and public use of buildings which is available to staff in electronic form, and is supplied to designers on appointment.

The Disability Advisory Group is a group of disabled people who met throughout the year to assess NML's sites and discuss improvements with staff. A Disability Equality Scheme that was drafted by staff was abandoned as being inappropriate and a new process involving disabled people was initiated during the year.

**Investors in People** NML originally received the prestigious Investors in People award in 1994 and then successfully retained this standard in its subsequent triennial re-assessments, in 1997, 2000, 2003 and May 2006. The standard has provided a framework within which staff are offered the training and development they require and NML's policies and procedures can be constantly reappraised. This award has added to the success, and also raised the profile, of the organisation as a whole. The standard continues to be an important measure of NML's commitment to, and success in, the training and development of its staff.

**Staff Resource Strategy** NML determines its staffing requirements and associated skill sets over the medium to longer-term through the Executive Team.

NML is aware of the need to maximise efficiency whilst delivering improved performance and is continually assessing the manner in which business is delivered.

**Volunteer Programme** Over the last year, the success of the organisation has been underpinned by the contribution of over 361 volunteers who give their time and expertise, supporting us in all areas of work. This was the equivalent of approximately 48 full time posts.

With the opening of Sudley House and the International Slavery Museum (ISM) we have had the opportunity to develop new volunteer projects in these venues with volunteers playing an active part in enhancing visitor's experiences.

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#### **Ben Johnson Residency**

January 2008 saw 30 volunteers working on the gallery at the Walker, contributing to the success of the Ben Johnson, Liverpool Cityscape residency. 12 volunteers also had a once in a lifetime opportunity to work with the artist on the practical elements of the painting, and played an important role in its completion.

#### **Unsung hero**

NML's staff also attended the *Art 07 (Arts Council Northwest) Awards* in Manchester Town Hall on 17<sup>th</sup> October 2007 to support one of our *Big Art* volunteers David Whitby who was a finalist in the *Unsung Hero* category. David did not win on the night, but it was a huge achievement for him to be one of the four finalists and his presence is very much appreciated on the gallery.

#### **Funding success - National Youth Volunteering Programme**

NML's youth volunteering project *Our Heritage, Our Culture, Our Future* has been awarded over £100,000 (£17,000 recognised in 2007-2008 account) by **V**, the youth volunteering charity, for a three year project to get young people positively involved in volunteering in museums by tapping into their passions and interests.

The project is one of 152 across the country which will be funded as part of **Vinvolved**, a new national youth volunteering programme backed by £75 million funding, which aims to inspire half a million more young people to volunteer in England. The charity aims to change the image of volunteering and make it a 'must-have' part of young people's lives.

#### **Curatorial**

This year, as so many in the past, our volunteers continue to dedicate their time to working behind the scenes in curatorial departments across the organisation assisting in research, documenting, and archiving. We very much appreciate the energy and dedication of our volunteers and hope to continue building on their support in the next year and the future.

#### **Health & Safety Policy**

NML is committed to providing a safe and healthy working environment for all our employees, including those of the subsidiary trading company for whom this policy applies equally. So far as is reasonably practicable, systems and procedures will be implemented to ensure that all equipment, plant, substances and premises are safe and free from adverse effects to health. It is a key objective of this policy to ensure that employees, the public and others affected by our activities are exposed to the lowest reasonable level of risk.

The health and safety policy is reviewed every 12 months and the Health and Safety Officer plays a lead role in ensuring that Senior Management is kept informed of current and future legislation, that management systems are in place, and that adequate resources, financial or otherwise, are allocated to health and safety. Health and safety statistics and any underlying issues are reviewed on a regular basis by senior management and the Trustees.

#### **Research**

NML has begun to implement a more integrated approach to the conduct of its research during 2008, adopting a strategy that will ensure that curatorial

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and collections research better accords with NML's corporate and divisional goals. To help achieve this a new research management structure has also begun to be implemented with the creation of a Research Working Group to direct, manage and monitor research, taking responsibility for both approving new research projects and ensuring that these achieve their objectives within a reasonable timeframe.

NML has also become more pro-active in securing external funding support for research in the past year and working in collaboration with higher education.

#### **Review of Activities**

##### **Development Office**

The Development Office is structured to meet agreed fundraising objectives – with a team of fundraisers (specialising in public sector, trusts and foundations, corporate and major individual giving), supported by a small database, research, and CRM (customer relationship management) team, and those co-ordinating and managing cultivation and supporter events. The Development Office sits as part of the Development and Communications Directorate.

The Development Office team identifies the prospect pool and resources required to raise the funds based on a range of criteria including;

- Size of the prospect pool – ratio of ask to success in previous or similar campaigns will help determine the size of the prospect pool – the number and quantum of ask that needs to be made to meet the fundraising target;
- Resources – applying the years of expertise on prospect research to quantify the number of hours in research and cultivation (e.g. events, stewardship) that will be required for each prospect.
- Moves management – Classifying existing contacts into the stages of giving – to determine the likely timescale for giving. This a particularly valuable approach when targeting major individuals or corporates.

The team continually monitor performance against objectives.

National Museums Liverpool had a successful fundraising year in 2007/2008 and still remains one of the highest performing museums for fundraising in the UK outside London. We are very grateful to all the individuals and organisations that give in support of NML's work.

#### **Major Capital schemes**

The completion of the first phase of International Slavery Museum display galleries, together with the new Museum of Liverpool and Maritime Park continue to be National Museums Liverpool's priority for fundraising and the Development Office.

The smaller capital schemes included the completion of the Lady Lever Art Gallery, and the completion and launch of Sudley House. The International Slavery Museum display galleries opened to wide critical acclaim.

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**Annual Programmes**

Money raised towards NML's annual programme of activities helps to offset funding that NML needs to open its doors and to add significant value to our service – including exhibitions, printed material, as well as education and outreach programmes.

**Collections**

Much of the work on collections focused on NML's programmes of loans and capital schemes.

Sudley House reopened on 26 May 2007 with new displays in the period rooms downstairs and a costume display in an upstairs room.

On 23 August 2007 the new International Slavery Museum opened in the Merseyside Maritime Museum with many new items on show throughout, but especially in the Legacy and Africa sections.

Work continues on a new HM Revenue and Customs gallery for May 2008, and on several exhibitions including the *Magical History Tour* at the Maritime Museum.

At World Museum work started on a new Egypt gallery that has included re-identifying and re-cataloguing significant parts of the collection, and CAT Scanning one of the mummies in the collection. A temporary Egypt gallery maintains the provision for schools and general visitors during the work, and the new gallery opens in December 2008.

At the Walker Art Gallery the Craft and Design Gallery was updated to make its themes more accessible.

In September 2007 the Trustees agreed a request from the Australian Government for the return of three items of human remains from NML's collections. A date for the return to be carried out is yet to be arranged.

On 13 November 2007 representatives of Te Papa Tongarewa, Museum of New Zealand collected 5 items of human remains from the collections of National Museums Liverpool that are de-accessioned for return to New Zealand.

A large fossil palm frond, acquired in 2006 went on show in the World Museum in January 2008, and the skeleton of Ambush II, the horse that won the Grand National in 1900, went on show in the museum's atrium in time for this year's race.

Between March and September 2008 20,000 items in NML's horology collection were successfully moved from Prescott Museum at the end of an agreement with Knowsley Council in September 2007.

A new Spirit Store in the museum was finished in September 2007. Over 300,000 spirit-preserved Zoology and Botany specimens, which have been in temporary storage in Bootle for several years, were installed in the new Spirit Store at the Museum in November 2007. The store has rolling compactor storage units housing more than 80,000 containers with expansion space for new acquisitions, with an exacting environmental control system, and an adjacent laboratory.

Lion locomotive was returned to Liverpool from Manchester to be conserved for display in the Museum of Liverpool.

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NML was awarded a grant of £73,000 by the Getty Conservation Program to carry out essential treatments on 76 priority items in the Chinese collections at Lady Lever Art Gallery. Alongside this a conservation research project, led by freelance conservator Professor Norman Tennent, will investigate the colour-matching of repair materials using digital technology.

NML was successful in three applications for Arts & Humanities Research Council (AHRC) 'Collaborative Doctoral Awards' for fully-funded studentships to be based part-time in NML to conduct research on the collections.

- A collaboration with the School of Archaeology, Classics and Egyptology at the University of Liverpool, to conduct a research project on the Hittite and Near Eastern collection of John Garstang.
- A collaboration with the School of Life Sciences at University of Bradford, to carry out research into sustainable radiography for cultural materials and the way in which filmless capture techniques may be optimised.
- A collaboration with the School of Philosophy at Leeds University, the National Maritime Museum and Porthcurno Telegraphy Museum, to conduct research that will help recovering information about the work and lives of submarine cable technicians between 1850-1914.

#### **Acquisitions**

In September 2007 the Trustees agreed amendments to NML's Acquisition and Disposal Policy in order to conform more closely to the Museum, Libraries and Archives Council's (MLA) required template for Acquisition and Disposal policies.

In the financial year 2006-2007, NML and its partners received a grant of £46k from the Heritage Lottery Fund for a joint purchase of the Huxley Hoard with the Grosvenor Museum and Cheshire Museums. The grant included funding for a showcase and a multimedia interactive. In 2007-2008, the Hoard has been on display at the Grosvenor Museum in Chester and went on show in the *Magical History Tour* exhibition in the Maritime Museum.

Key art gallery acquisitions included a 32 piece porcelain tea and coffee set made at the Herculaneum Pottery in Toxteth, c. 1810, which was purchased for £10,000 with the assistance of the Art Fund and the Friends of NML. The tea service is considered to be the most finely painted service the Toxteth factory is known ever to have made.

Maritime Division purchased a spectacular large oil painting entitled *Modern Liverpool* by Walter Richards. It shows a panorama of the city centre and docks and was produced for the city's 700<sup>th</sup> anniversary in 1907. It went on show at the Maritime Museum for the city's 800<sup>th</sup> anniversary in 2007.

In May 2007 Mrs Gabita Gadelius generously donated 128 *netsuke* from the collection of the late Jonas Goro Gadelius. Mrs Gadelius has also given £30,000 for a display case to display the *netsuke* at World Museum.

By April 2008 the International Slavery Museum collection had 19 objects. The collection was started in August 2007 and consists of objects such as a KKK outfit, Sailor Mas Costume, Machete, Gees Bend quilt, Robertson's Golly apron and Darkie toothpaste.

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December 2007 saw two archaeology publications: *Meols: The Archaeology of the North Wirral Coast*, by David Griffiths, Robert A. Philpott, and Geoff Egan, published by Oxford University School of Archaeology and, a monograph detailing the results of a former NMGGM project in the Falkland Islands (Philpott R. A. *The Archaeology of the Falkland Islands 1: The Early Falkland Islands Company Settlements: An Archaeological Survey*).

**Loans**

The Metropolitan Museum of Art in New York lent the Walker *The Fortune Teller* by Georges de la Tour, in exchange for the loan of the Walker's painting by Nicholas Poussin, *Landscape with the Ashes of Phocion* to their exhibition, *Poussin and the Landscape*, which showed at the Metropolitan Museum of Art and the Musée de Bellas Artes de Bilbao.

Two NML-created exhibitions toured to venues within the United Kingdom. *Living with the Romans*, included items from NML's own collections and toured to the Museum of Lancashire in Preston and Lancaster Museum before returning to Liverpool, while 35 Pre-Raphaelite drawings from the Walker and Lady Lever collections formed the touring exhibition, *Pre-Raphaelite Drawings*, which travelled to the Graves Art Gallery, Sheffield and to Norwich Castle Museum and Art Gallery.

The loan period for Tramcar 245 at Merseyside Tram Preservation Society (MTPS) was extended to May 2008 to allow all partners to develop funding applications for restoration work. MTPS (in partnership with NML and Wirral Borough Council) submitted the preliminary bid to HLF in November 2007. Following HLF officer visits to the site the partners were asked to proceed with a full application.

Significant loans out include:

- Peter Doig's *Blotter* went to Tate Britain for the artist's retrospective at the start of the year. The show is now touring to two other venues in Paris and Frankfurt. In return for the loan of the painting to the tour, Peter Doig has arranged for a loan of a major recent painting to the Walker Art Gallery for our forthcoming John Moores Prizewinners Display.
- 28 items from the Walker Art Gallery and World Museum collections went to the outstanding *Art Treasures Revisited: Celebrating the 150<sup>th</sup> Anniversary of the Manchester Art Treasures Exhibition, 1857* held at Manchester City Art Gallery.
- Works by Millais, including *Bubbles*, were lent to the *Millais* exhibition at Tate Britain and are currently at the Van Gogh Museum.
- 20 items from the Social History and King's Regiment collections went to the exhibition, *The Georgians* at Prescott Museum, Knowsley
- Under the *Museum of Liverpool on the Road* banner, loans were made to the Liverpool People's Centre, The Radisson Hotel and Peter Collinge Hairdressers.
- Two Malagan figures were included in a three venue touring exhibition, *New Ireland: Art of the South Pacific*, which showed at the Saint Louis Art Museum (2006-2007) and at two venues in 2007-2008, the Musée du Quai Branly, Paris and the Ethnologisches Museum, Berlin.

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- Extension of the loan for a further year of 9 Greek items to Dudley Museum & Art Gallery to their very successful exhibition, *Gods and Heroes*.

#### **Exhibitions**

##### **World Museum**

*Love Sport*, 7 October 2006 to 29 April 2007, celebrated the benefits of sport and encouraged everyone to get active. Visitors were encouraged to learn about the science of sport and had the chance to engage in sporting activities, providing fun for all the family. It attracted over 165,000 visits over a period of 7 months.

*Animated Adventures*, 12 February to 28 August 2007, captured the full animation process from storyboards to set design. Visitors were able to discover how the world's top animators, including Aardman Animations who created Wallace & Gromit, developed their on screen characters. Many of the industry's secrets were revealed through a fun and engaging mix of hands-on exhibits and multi-media pods. The exhibition proved particularly popular and attracted 319,000 visits over a 6-month period.

*Eye for Colour*, 1 October 2007 to 24 February 2008, NML's award winning international touring exhibition which explores the nature and diversity of colour in the world around us, returned by popular demand and continued to be a great success with family audiences and schools. *Eye for Colour* was produced by National Museums Liverpool in 2006 for eTEC (the ebsite-uk travelling Exhibitions Consortium). While on show for a second time at World Museum over a 5-month period it attracted 74,000 visits, bringing total visits to date to more than 600,000 (includes tour).

##### **Merseyside Maritime Museum**

*Shipwrecked*, 15 July 2006 to 20 May 2007, an imaginative interactive exhibition gave young visitors and their families the chance to find out for themselves the survival techniques, boat building and navigation skills needed to survive and escape a desert island. The exhibition attracted a large proportion of families with young children and achieved more than 197,000 visits over a 10-month period.

*Magical History Tour*, 28 July 2007 to 27 September 2009, this major exhibition takes visitors on a fast paced, dynamic journey of discovery through 800 years of Liverpool history, following the city's changing fortunes, from medieval 'Lyverpoole' to 21st century 'Livercool', the European Capital of Culture. The exhibition was developed to celebrate Liverpool's 800<sup>th</sup> anniversary and was supported by the Liverpool Culture Company. It includes an ambitious audio-visual presentation which was delivered for a fraction of the commercial cost using a combination of our in-house production team and external consultants for creative input and final editing. During its first 12 months the exhibition has attracted more than 277,000 visits.

*La Bouche du Roi*, 4 August to 2 September 2007, a contemporary art installation by the Benin artist Romuald Hazoumé, explored issues of slavery. The artwork, made from jerry cans designed as masks, mirrored the plan of the Liverpool slave ship, the *Brookes*. *La Bouche du Roi* coincided with the opening of the International Slavery Museum in August

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2007 and a series of events planned around the city's annual Slavery Remembrance Festival. The exhibition tour was funded by the Arts Council and was offered to NML as part of the BM partnership scheme. In just one month the exhibition received more than 17,000 visits.

*100 Heads Thinking As One*, 22 September to 28 October 2007, featured 10 of the 100 mixed-media portraits that Liverpool artist Anthony Brown displayed across the city throughout 2007. Brown's work was a tribute to the many talented people the city has produced from musicians to writers, lawyers to artists. The selection included portraits of Sara Wilde, Joe Ankras, Wai McWatt, Tom Simpson, Alan Bleasdale, Angela Heslop and Sue Williams as well as previously un-seen portraits of George Melly, Gareth Abbott and Bill Citrine.

*Hello Sailor*, 24 September 2007 to 18 January 2009, has returned to NML between tour venues. The small exhibition takes a light hearted, sensitive look at life on board passenger and merchant ships at a time when homosexuality was illegal, and for gay men there were few places to be safe. Personal stories and mementoes give a glimpse of what life was like for gay men at sea. It returned to the Maritime Museum between tour venues.

National Conservation Centre

*The Long Way Home*, 3 March to 15 July 2007, featured atmospheric, often humorous, images capturing the Liverpool streets and the characters of the 1960s and 70s, taken by Liverpool-born photographer Bernard Fallon. His photographs documented the trip home that he frequently made at the time, from Liverpool Art School to Crosby, with diversions 'the long way' around the docks and derelict areas of Scotland Road. The exhibition was very popular with local visitors and attracted c. 33,000 visits over a 4-month period

*Now These Days Are Gone*, 18 August 2007 to 2 March 2008, brought to Liverpool for the first time rediscovered photographs by Michael Peto of The Beatles. The photographs which were taken in 1965, around the time of *Help!*, showed Peto's unobtrusive approach, capturing his subjects in a relaxed, natural manner. The exhibition was produced by the University of Dundee, the custodian of the Michael Peto photographic collection. The exhibition appealed particularly to international visitors and attracted over 39,000 visits during a 6-month period.

Walker Art Gallery

*Unnatural Selection* by Peter Chang, 15 June to 30 September 2007, was the first major British exhibition of this Liverpool-born artist which included jewellery, sculpture, objects and prints. His extraordinary sculptural shapes and the way in which he exploits the intrinsic qualities of plastic; its malleability and colour, adding depth and sensuality, is unique.

*Out of this World: The art of Josh Kirby*, 15 June to 30 September 2007, coincided with Peter Chang and together the exhibitions celebrated Liverpool's artistic talent in the city's 800<sup>th</sup> anniversary year. It was the first retrospective of Liverpool-born science fiction artist Josh Kirby. Some of his more famous work featured in the exhibition included the first cover of Ian

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Fleming's Moonraker and the poster for Monty Python's Life of Brian. He is best known for his cover illustrations of Terry Pratchett's Discworld series. The two exhibitions attracted more than 31,000 visits in just over 3 months.

*Menagerie by Emily Stainer*, 10 August to 20 October 2007, was part of a group Exhibition with Open Eye Gallery, FACT, and Tate Liverpool called 'Bound' which explored issues of historic and modern day slavery. Menagerie consisted of gilded birdcages reminiscent of Victorian drawing rooms, containing stuffed birds and mechanised body parts. Menagerie had many historical allusions, but its major concern was the hidden practices of human bondage that still exist today.

*Joseph Wright of Derby in Liverpool*, 17 November 2007 to 24 February 2008, featured the work of one of the most significant British artists of the mid 18th century and the first major artist to make his career outside London. The exhibition focused on the period 1768-1771 when Wright worked in Liverpool. It was produced in partnership with the Yale Centre for British Art. The exhibition opened at a quiet time of year but visitor numbers picked up in early 2008 with an overall total of 24,336 visits which was lower than expected for such a fine exhibition.

*Ben Johnson Residency*, 28 January to 7 March 2008. For 2008 National Museums Liverpool commissioned the celebrated artist Ben Johnson to create an iconic cityscape of Liverpool, the most ambitious of his distinguished panoramas to date. Ben spent the first few months of 2008 putting the finishing touches to the painting and talking to members of the public in the studio we created for him in the Walker Art Gallery. The venue became noticeably busier and recorded more than 50,000 visits during the residency.

Lady Lever Art Gallery

*Merchant Palaces*, 16 February 2007 to 13 May 2007, was created to celebrate Year of Heritage, with photographs of some of Liverpool and Wirral's lost Victorian and Edwardian mansions shown for the first time. Twenty-five photographs by Harry Bedford Lemere (1864-1944) gave a rich insight into the houses of local merchants at the time, including the home of Lord Leverhulme himself, Thornton Manor. This exhibition was organised in collaboration with English Heritage (National Monuments Record). The exhibition attracted 36,345 visits over a 3 month period.

*Masquerade: the work of James Ensor (1860-1949)*, 30 June to 23 September 2007, featured rarely-seen paintings, drawings and etchings of James Ensor (1860-1949) on loan from the Museum of Fine Arts, Ghent. Described as the most original Belgian artist of the 19th century, James Ensor painted around 1880-85 in a style fashionable amongst the modernists of the day. The exhibition was particularly popular and attracted more than 50,000 visits over a 3-month period

*Victorian Visions*, 1 December 2007 to 16 March 2008, explored the highly creative and experimental world of Victorian photography including images by some of the most famous names of the period: Julia Margaret Cameron, Lady Hawarden, Roger Fenton, Gustave Le Gray, Peter Emerson, Robert Howlett and BB Turner. The exhibition was a collaboration with the V&A, London and brought over 36,000 visits in 3 and a half months.

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Touring Exhibitions

*Eye for Colour on tour to W5, Belfast, 1 April to 2 September 2007*

NML's award winning international touring exhibition which explores the nature and diversity of colour in the world around us returned by popular demand and continued to be a great success with family audiences and schools. Eye for Colour was produced by National Museums Liverpool in 2006 for eTEC (the ecsite-uk travelling Exhibitions Consortium) The total number of visits recorded for W5 is 106,143.

*Hello Sailor on tour to Southampton Maritime Museum, 13 April to 9 September 2007*

This small exhibition takes a light hearted, sensitive look at life on board passenger and merchant ships at a time when homosexuality was illegal, and for gay men there were few places to be safe. Personal stories and mementoes give a glimpse of what life was like for gay men at sea. The total number of recorded visits 25,563

*Living with the Romans on tour to Warrington Museum, 24 March to 16 June 2007, Museum of Lancashire, Preston, 14 July to 21 December 2007 and Lancaster Museum, 19 January to 18 April 2008*

The exhibition revealed what life was like for people in Liverpool and the North West during the Roman period. The exhibition took visitors back in time, bringing them face to face with people who lived in the region nearly 2000 years ago. The total number of visits recorded on tour is 41,737

*Pre-Raphaelite Drawings on tour to Sheffield Museums, 16 June to 8 September 2007 and Norwich Castle Museum, 26 January to 6 April 2008*

This exhibition was a rare chance to see a collection of exquisite drawings from National Museums Liverpool's collections which are too delicate for permanent display, including works by the leading Pre-Raphaelite artists, Burne Jones, Madox Brown, Holman Hunt, Millais and Rossetti. The total number of visits recorded on tour is 38,605.

*Museum of Liverpool on the Road*

During 2007 we continued to raise the profile of the planned Museum of Liverpool by displaying objects from the urban history collections in a variety of locations across the city and beyond:

Eric's Memorabilia, Tate Liverpool, 20 February to 9 September 2007;

Bill Fury Sculpture, Albert Dock from 2 March 2007;

Legacy Sculpture, Albert Dock from 2 March 2007;

Liver Bird, BBC Radio Merseyside, 1 February to 6 July 2007;

Post Box from Fazakerley Children's Home, Radisson SAS Hotel, 4 May to 3 December 2007;

Selection of Hairdryers, Andrew Collinge Hair Salon, 15 May to 12 June 2007;

Burrell Steam Traction Engine, Croxteth Hall, 8 to 15 June 2007;

'Unemployment on Merseyside – Campaigning for the Right to Work'

Painting by Mike Jones, 1993, The People's Centre, Liverpool, 6 August 2007 to 6 August 2009;

Codman's Puppets, Grosvenor Museum Chester, 20 October 2007 to 4 January 2008;

Selection of Hornby Meccano, Maghull Town Hall, 17 to 18 November 2007;

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Stewart Bale images, Wetherspoons, John Lennon Airport, from March 2008.

**Learning and  
Outreach**

**Working in Partnership**

*Make the Link Break the Chain*

The international school twinning project, "Make the Link, Break the Chain", pairing 4 schools in Liverpool with schools from Brazil, Haiti, Sierra Leone, and Senegal to look at issues surrounding slavery was successfully completed in August. This project was in partnership with the NGO, Plan International. The closing events included visits to Liverpool from students and staff from the international countries involved. One of the films created during this project by Liverpool secondary school children was shown both at Slavery Remembrance Day and at the ISM opening dinner at St George's Hall. Members of the Learning Division attended the Clapperboard Youth Project Awards Ceremony at the Philharmonic Hall. All of the films, made as part of the Twinning Project, were shown and the students received a number of awards and a great deal of positive feedback. The project has also been awarded best International Project at the *UK Museum and Heritage Awards for Excellence*. A further international twinning project looking at Climate Change and Disaster Risk Reduction is planned for the 2008/9 school year.

World Museum Liverpool hosted three nights of Liverpool John Moore's 2<sup>nd</sup> year showcase in February. The 50 students wrote, directed, and acted in this promenade piece, which used the collections as inspiration to tell the story of three visions of the future taking the audience on journeys through four floors of the museum.

NML hosted the NIACE Conference entitled "Engaging Black and Minority Ethnic Adult Learners in Museums" in September. The event was attended by over 100+ adult learning practitioners and advocates from all over the country, included influential representatives from the MLA and Department for Children, Schools, and Families. Paul Khan & Claire Duffy spoke at the event, while the Merseyside Maritime Museum Learning team delivered a workshop in the afternoon.

The visit by colleagues from the Ho Chi Minh Museum was successful: as well as viewing NML's varied learning offer Nhi & Anh visited museums and cultural venues in Edinburgh and London, and archives with Vietnamese-related material in Manchester. Pete Betts made it possible for Nhi & Anh to meet anti-Vietnam war protest organiser Molly Sayles. Discussions with David Fleming and other senior colleagues centred on ways of developing the partnership. This was a return visit following a trip to Vietnam by Learning Staff, Angus Gunn and Jon Marrow.

This year's Slavery Remembrance Day was our most successful yet, with over 250 attending the lecture by world renowned scholar Molefi Asante and 1500 people attending the Service of Remembrance at Liverpool Parish Church and the programme of activities at Otterspool Promenade. Performers at the Otterspool event included Levi Tafari, Young Kof, the River Niger Orchestra, and Sense of Sound.

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#### **Youth**

##### *Culture Vultures Summer Course for Young People*

A week long summer arts course for young people took place at the Lady Lever Art Gallery. All twelve places available on the course were booked and the young people worked on various visual arts activities which culminated in a small display of the young people's work in the education room. Family and friends joined the young people to view the work. Lauren Gould has completed youth arts advisor awards training so that the programmes for young people can be accredited with Arts Council England awards.

#### **Exhibitions**

The Ben Johnson residency has proved extremely popular with visitors and has delivered excellent educational opportunities for many visitors. We have had 22 secondary schools participating in special sessions facilitated by Ben himself - a unique opportunity to talk to an artist about his work in detail. In addition to the 400 young people who participated in these sessions many more schools took the opportunity to view the artist at work as part of their visit to the gallery.

The highlight of the opening of the Magical History Tour was the performance by the Beat Beatles as well as the visitors who had come to see Magical History Tour we had a large Japanese Group who could not believe their luck at seeing this band along with 50 screaming Spanish teenagers who all insisted on having pictures taken with the band.

Sci Fi illustration demonstration was a wonderful event which succeeded in attracting over 200 visitors in one afternoon. This event was in relation to the Josh Kirkby Exhibition

#### **Visitor Services**

Overall visitor services have successfully been involved in the opening of Sudley House, the International Slavery Museum and the new entrance of the Lady Lever Art Gallery. Each of these events have led to increased visitor numbers with which operational visitor service staff have been in the forefront making visitors feel welcome and valued.

Operational visitor services have of course advised on and supported various activities and events across the estate, such as learning events, temporary exhibitions, talks and lectures. At venues such as the Walker Art Gallery and the World Museum Liverpool steps have been taken to improve signage and way finding.

Operational visitor services, in collaboration with the training department, delivered the training course "Diversity 2" to all front of house staff. The Operational Visitor service staff also presented part of the collections management programme.

#### *Academy Ambassador Awards*

We had great success at the Academy Ambassador Awards evening in February.

- Emma Calver (WML) won the Arts and Culture Staff award
- Ros Appleby (WAG) won the Family Friendly Award
- Edwin Harvey (WML) was shortlisted for the Visitor/Event Award.

### **Working with schools**

The Learning Division launched the Key Stage 4+ Learning Communications Network in partnership with Wirral LEA in October. 7 Schools worked with staff at all NML venues to help develop and improve our offer for GCSE and A-level students. Teachers from each school involved participated in reciprocal placements at NML, while members of staff visited schools to develop their knowledge and skills. An exhibition of work completed by the students involved in the project was exhibited in April at the World Museum Liverpool.

The art galleries learning team delivered a week of Victorian Christmas events at Sudley House. The week's festive programme was promoted to local schools studying the Victorians at Key Stage 2. Children had the opportunity to dress up as Victorians and learnt about Victorian daily life through activities at the house. Activities included dressing the dining table for a Victorian meal and making traditional Christmas decorations. The children also learnt about the Holt family, the history of Sudley House and the collections. In total 300 primary school children were engaged during one week of activity. There was also a successful public programme weekend of events which catered for both adults and children.

The Maritime mural 'windows' was a 6 day project involving students from St Bridget's Primary year 6 and Holly Lodge year 12. The murals are three large panels which now decorate the wall in Learning Base B all based on windows around the Albert Dock. The murals incorporate views from the windows incorporating maritime themed items from the collections. The two schools involved are part of our Learning Communications Networks.

A new pilot session was developed and tested with 41 year 11 pupils from Archbishop Blanch School designed around the new "Science in the Workplace" curriculum. The response to the session was overwhelmingly positive and we have made it available as a resource for other GCSE groups.

The launch event of the Lady Lever Art Gallery schools resources was very positively received, by the 50+ teachers in attendance. The teachers pack maps the LLAG against key attainment targets for KS1 – 3 in Art and Design and History.

Final delivery of the "Out of School Into Art!" programme took place in July. This meant that during a six week period the art galleries' learning team visited 26 settings delivering a play about the Walker's collections followed by a visual arts workshop. During this period 22 of those out of school clubs also visited the Walker Art Gallery to do a special trail looking at the pictures featured in the play followed by time in Big Art for Little Artists. The number of children engaged in the project is 697 with 90 accompanying play workers.

### *Launch of ISM Learning Programme*

With the opening of the International Slavery Museum, the ISM Learning Team have also launched an exciting formal and informal programme. Through the vehicles of drama, music, documentary-film making and handling sessions the team seeks to engage a wide audience with a vast array of learning styles and needs. One of the most popular sessions to date has been a drama session entitled "Destination Freedom". The take

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up of our offer has been phenomenal, with nearly full-bookings in terms of the school audience through the school year.

#### **Other events**

##### *Science Week*

The World Museum Liverpool Learning Team ran a range of activities in the Learning Base during Science week entitled Dinosaur Detectives.

Activities included quizzes, making masks, work sheets and an opportunity to see the museum's collection of dinosaur replicas. We have purchased a model of an Apatasaurus femur which is over 2 metres tall and we hired a model of the head of a juvenile T Rex for the whole of Science week, this was very well received by visitors. We also organised for three days of Cool Science sessions in the Treasure House Theatre (THT) delivered by Nick Almond from University of Liverpool.

Tashi Lhunpo monks had a residency in the WML in July, during this time they created a sand Mandala in the THT and ran workshops for schools – a total of 1517 visitors attended events. There was excellent coverage in The Daily Post and BBC Heaven and Earth covered the event on 8th July.

As part of the Walker's 130th Birthday celebrations, the learning team delivered a programme that consisted of a specially commissioned tour that will now become part of our permanent offer, Picture of the Month which focused on one of the earliest acquisitions and 2 card making workshops for our family audience.

#### **Other**

Members of the Learning Team delivered papers at conferences around the EU over the year including presentations at the Geological Curator's Group AGM held in Dublin and the EEA (European Elasmobranch Association) Conference at Oceanopolis, Brest.

We have received some very constructive information from the online ISM response zone since opening the new gallery. The gallery seems to be provoking very passionate responses and meeting its targets in terms of key success factors. A full report of the first few months of responses has been collated, here are a couple examples of narrative responses:

- *“Regret – The film depicting the conditions on board the transit vessels evoked a strong emotion of sadness whilst serving to emphasise the impressive physical strength of the prisoners to survive the arduous voyage let alone be expected to commence work immediately on their arrival in a strange, unfamiliar land.”*
- *“Knowledge - being at this museum left me experiencing such a mix of emotions but I was so glad to find this history made available to people. There is no reason good enough for people to live in ignorance of the past.”*

#### **Community Partnerships**

##### *Westminster Young Parents*

A new programme has been developed working with teenage parents in Liverpool, who are expecting or have recently become a parent. In partnership with Children's Services and local Children's Centre's the programme explores new ways of engaging young parents with their children, and increasing self esteem and confidence through museum projects.

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#### *Museum of Liverpool Community Engagement*

The consultation process actively sought to engage under represented audiences across the region through community engagement, targeting young people, BME groups and families for lower socio-economic backgrounds. We have cultivated relationships through the establishment of stakeholder groups, who we can seek advice from and consult with for the duration of the museum build and beyond. A series of public forums were scheduled throughout the past year inviting speakers to talk on various MoL themes, including Dr Ray Costello, Dr John Belcham, Paul Du Noyer and Professor Phil Redmond CBE.

#### *Portrait of a Nation*

This unique project ran a series of exciting events by young people in 18 cities to showcase young peoples' arts and heritage projects, revealing what being British means to them and what they want it to mean in the future. NML's project 'Making your Mark' worked with young people and youth workers from Kirkdale, Speke Garston and the city centre. The Museum of Liverpool themes helped to simulate and shape the creation of a giant portrait, a theatre production and exciting free running demonstrations in World Museum Liverpool.

#### *Volunteering*

The Community Partnerships have actively worked to increase opportunities for volunteers from diverse backgrounds to support our programmes and activities. The number of Reminiscence Guides have increased to over 20 volunteers across NML venues and continue to be an inspiration and valued resource. We have worked with Refugee Action to recruit young refugees to volunteer within different departments in NML. We have just welcomed a volunteer from Northwest Community Services to place volunteers who have a disability, with the aim of giving people the skills to get back into work. These programmes are all contributing to NML's workforce diversity agenda and will continue to build over the coming year.

#### *Inspired By*

We took part in the national Inspired By competition, in partnership with the V&A, an art competition for adult learners. This year we used the collections at Sudley House for inspiration and created a community art exhibition within the gallery. Local resident groups and day centres for adults with learning difficulties worked with gallery staff to create pieces of art inspired by Sudley House. The competition ran over six months and culminated with a prize giving afternoon.

#### *Big Event*

The Youth Theatre project took part in the Merseyside Youth Theatre Development Forum's 'Big Event' bringing together over 100 young people from Youth Theatres all over Merseyside. The Youth Theatre took to the stage for their debut performance of 'Liezah Street', a section of a performance inspired by the Beat Goes On exhibition. This stylised, physical theatre piece was an interpretation of The Coral's song 'Liezah', giving it an interesting setting in Liverpool Lime Street Station.

#### *Alder Hey Project*

Young people with mental health problems from Alder Hey Hospital have been attending museum learning sessions every week during term time. Developing a strong relationship with hospital staff and the young people is

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of key importance, allowing us to select sessions that will be of benefit, prepare museum staff for any potential issues and adapt sessions to individual needs. In addition to these weekly sessions we also develop group projects, for example; we made a film that helped the young people to develop new skills, build relationships and increased motivation to continue treatment at hospital. Wherever possible we try to focus on the needs of the individual, for example by arranging dance sessions at the hospital for one teenager in order to gain her trust and build confidence to come to the museum.

**Fundraising**

We continued to attract support from a wide variety of sources receiving many gifts from trusts, foundations, the public and private sector and individuals.

Large grant payments, or pledges of grant assistance, were received from:

- Heritage Lottery Fund towards the building of the new Museum of Liverpool and the new Lever the Collector gallery refurbishments at Lady Lever Art Gallery.
- Heritage Lottery Fund towards the first phase of the International Slavery Museum
- DCMS towards Phase Two of the International Slavery Museum
- The Northwest Regional Development Agency for the New Museum of Liverpool building and opening events for the International Slavery Museum
- The European Regional Development Fund for the New Museum of Liverpool building
- The Garfield Weston Foundation gave again to the Waterfront Developments – these gifts, in consecutive years, are the largest gifts ever to NML from a trust
- DCMS/Wolfson Museums & Galleries Improvement Fund pledged to the Maritime Park project
- DCMS for the refurbishment work at Lady Lever Art Gallery
- The J Paul Getty Trust for research on Pre-Hispanic Caribbean sculptural arts in wood

Many other charitable trusts and foundations gave smaller donations, in particular The Getty Foundation, The Rank Foundation, The Johnson Foundation and The Rosemary M Kendall Charitable Trust.

We continued to attract generous support from local businesses and worked hard to extend our relationship with the business community.

Sixteen companies were members of NML's corporate members scheme, Business2008 – Brabners Chaffe Street LLP, Cains Brewery, Conductix Wampfler Ltd, David M Robinson Ltd, DLA Piper UK LLP, Ethel Austin

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Properties Group, Finch Advertising, Halliwells LLP, Hill Dickinson LLP, Liverpool Vision, Northwest Regional Development Agency, Rathbones, Rensburg Sheppard Investment Management, The Mawdsley Consultancy Limited, the Mersey Docks & Harbour Company and the University of Liverpool.

The Liverpool Culture Company sponsored three exhibitions: The Magical History Tour, Art in the Age of Steam and The Beat Goes On.

**Development  
Funding  
Committee**

The fundraising activities of NML continued to receive valuable support from members of the Development Funding Committee; this is not a formal sub-committee of the board.

Duke of Westminster KG OBE TD DL - Patron  
Loyd Grossman OBE FSA (Chairman) – until 1 July 2008  
Neil Ashbridge (Vice Chairman)  
John Bodie OBE (Vice Chairman)  
Sir Jack Baer  
Colette Bowe  
Jo Bowen-Jones  
Paige deShong Earlam  
Barry Flynn  
Niall Hobhouse  
Rt Hon Baroness Gloria Hooper CMG  
Norman A Kurland - trustee  
Mark McNamee  
Julian Rathbone  
Gillian Reynolds MBE - trustee

The International Slavery Museum Council continued to assist with fundraising for the International Slavery Museum this is not a formal sub-committee of the board.

Norman Kurland (Chair) - trustee  
Theresa Roberts (Co Chair)  
Paige deShong Earlam  
Dorothy Kuya

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### **Remuneration Report**

The membership of the Remuneration Committee is comprised of the Chairs of the NML Committees. For the year ending 31 March 2008, these were:-

Board of Trustees – Loyd Grossman OBE (Chair)  
Finance Committee, Chair – Alexis Redmond  
Audit Committee, Chair – Professor Margaret MacKeith CBE  
Capital Programme Committee, Chair – Jonathan Falkingham  
Development & Communications Committee, Chair - Gillian Reynolds MBE  
Human Resources Committee, Chair – Eva Wisemark  
Public Services Committee, Chair – Sir Neil Cossons OBE

The role of the remuneration committee is:

- to determine the pay and conditions of the Director including annual performance awards and pay progression;
- to provide, through a panel selected by the chairmen; an appellant recourse in disciplinary and grievance cases concerning senior staff for whom the Director is the reporting officer;
- to keep governance arrangements, including the Committee structure and schemes of delegation, under review;
- to act as a Nominations Committee for the appointment of trustees;
- to provide information about service contracts and compensation payable on early severance to senior staff; and
- to improve accountability and transparency about NML's general remuneration policy.

All staff other than the Director are recruited to pay-bands graded for seniority and approved by the Trustees within the context of the pay remits negotiated with DCMS / Treasury. Currently NML's multi-year pay remit period expired on 30 September 2008. NML has recently submitted a new two year pay remit for HM Treasury approval. This will be effective from 1 October 2008. The remuneration of senior managers for future years, with the exception of the Director, Dr David Fleming, is determined by the agreed pay remit.

There are nine pay-bands and all staff apart from Dr David Fleming, the Director and Accounting Officer, are covered by these. Recruitments to pay-band eight and above are approved by the Trustees.

The Director and Accounting Officer David Fleming's contract was made permanent on 11 July 2006.

In addition to the negotiated salary Dr Fleming can benefit from a performance-related bonus of up to 15% of his consolidated pay. Of this bonus an amount equivalent to the average pay award for all NML staff may be consolidated annually, the remaining entitlement being paid but not consolidated and non-pensionable.

The performance of Dr Fleming is assessed annually by the Trustees and a rate of bonus for the review-year is determined. The reporting period for this performance review is 1 April 2007 to 31 March 2008. In line with NML's pay year, any payments will be made from 1 October 2008.

The Director's performance objectives are determined by reference to three categories of performance:

- Personal contribution towards NML's corporate aims
- Quantifiable targets
- Qualitative targets

The Director's performance review took place on 25 June 2008. The Chairman's recommendations on the Director's performance for 2007-2008 will be submitted to the meeting of the Remuneration Committee.

The staff cost for all employees is contained within Note 5 (p52)

The trustees of NML receive no remuneration.

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There are seven Directorships within NML, these are: -

The Director and Accounting Officer  
The Executive Director of the Museum of Liverpool Project  
The Executive Director of Finance  
The Executive Director of Development & Communications  
The Executive Director of Collections Management  
The Executive Director of Visitor Management and  
The Director of Human Resources.

The Trustees and the Directors assume the ultimate responsibility for the direction of NML and the associated control mechanisms.

Below the Directors are a series of teams which meet to discuss a range of management issues on a regular basis. These teams, in descending order of seniority are: -

The Executive Team  
The Senior Management Team, and  
The Strategy Forum.

The Executive Team consists of seven Directors plus the Secretary to the Board of Trustees. The Secretary to the Board does not have any decision making powers. The annual appraisals of the Executive Team are countersigned by the Trustees.

The Senior Management Team consists of the Executive Team plus a number of Divisional / Operational Heads.

The Strategy Forum is the largest managerial grouping and consists of the Senior Management Team plus managers from all disciplines across the museums.

The performance of all managers is assessed by way of an appraisal system.

The salary, pension entitlements and the value of any taxable benefits in kind of the Directors of National Museums Liverpool (which has been subject to audit) were as follows: -

The notice periods for staff who wish to resign are:

Up to Pay-band 7 – 4 weeks minimum  
Pay-band 7 and above – 3 months minimum

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	Salary Including performance pay 2007/08 £'000	Salary Including performance pay 2006/07 £'000	Accrued pension at age 60 as at 31/03/08 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV <sup>1</sup> at 31/03/08 £'000	CETV at 31/03/07 £'000	Real increase in CETV £'000
D Fleming Director	95-100 plus non consolidated bonus 5-10	90-95 plus non consolidated bonus 5-10	25 – 30 plus lump sum of 85 - 90	0 – 2.5 plus lump sum of 2.5 - 5	647	545	25
S Granville Executive Director of Museum of Liverpool Project	65-70	65-70	15 – 20 plus lump sum of 50 - 55	0 – 2.5 plus lump sum of 0 – 2.5	311	256	10
A de Joia Executive Director of Development & Communications	65-70	60-65	15 – 20 plus lump sum of 45 - 50	0 – 2.5 plus lump sum of 0 - 2.5	256	208	12
Keith Pennington Executive Director of Finance (Last day of service 31 March 2008 – <i>part-time since October 2007</i> )	40-45	55-60	15 – 20 plus lump sum of 55 - 60	0 – 2.5 plus lump sum of 2.5 - 5	477	429	22
Salary Full Year equivalent	60-65	55-60					
John Millard Executive Director of Collections Management	55-60	50-55	30 - 35	0 - 2.5	613	529	15
Carol Rogers Executive Director of Visitor Management	55-60	50-55	0 - 5	0 – 2.5	64	44	11
Irene Newton Director of Human Resources	50-55	45-50	15 - 20 plus lump sum of 55 - 60	0 – 2.5 plus lump sum of 0 – 2.5	412	350	13
Michael Simmons Executive Director of Finance (Appointment as of 1 October 2007) *	30-35 (60-65)		0 – 2.5	0 – 2.5	15	4	8

- There were no benefits in kind received by the Executive Team members.
- Michael Simmons' salary for 2007-2008 represents his actual pay in post and the annualised salary in brackets. His remuneration in respect of a previous post is not disclosed.

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#### **Salary**

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

#### **Pension**

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 30 July 2007 staff may be in one of four statutory based schemes, three "final salary" defined benefit schemes (classic, premium and classic plus) and one occupational defined benefit scheme (nuvos). The schemes are un-funded with the cost of benefits met by monies voted by parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Price Index. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition a lump sum of three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Nuvos benefits accrue at 2.3% of pensionable earnings each year, like premium, there is no automatic lump sum but members may commute some of their pension to provide this.

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

#### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

#### **Real increase in CETV**

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

There were no special or ex-gratia payments during the financial year. Employees received no benefits in kind during the year.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 5 November 2008

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**Financial Review**

**Account** The account is prepared in a form directed by the Secretary of State for Culture, Media and Sport, in accordance with Sections 8(1) to 8(8) of Schedule to the Merseyside Museums and Galleries Order 1986 and complies with the Charities Act 1993, the Charities (Accounts and Reports) regulations 1995, the Statement of Recommended Practice: Accounting by Charities (SORP), and the HM Treasury Financial Reporting Manual (FRoM).

**Result** NML receives the majority of its' revenue funding from the DCMS, in the form of grant-in-aid. Net incoming resources, before transfers and indexation of tangible fixed assets, for the year were £18,788,000. An indexation of buildings as at 31 March 2008 produced a revaluation surplus of £13,737,000. A revaluation of investments produced a deficit of £45,000, resulting in a total increase in funds of £32,480,000.

Included within the above was a net increase in free funds of £683,000 before transfers to capital and designated funds of £714,000. The closing balance on free income funds was £2,544,000.

A transfer from General Fund to General Capital Fund of £663,000 was made to cover general capital expenditure and a transfer of £2,424,000 from the Revenue Development Fund to Development Fund Capital accounts was made to fund the associated eligible expenditure.

**Reserves Policy** The free income reserve available at 31 March 2008 was £2,544,000.(p73)

The Trustees consider that sufficient funds are held in an appropriate form to enable each fund to be applied in accordance with any restriction imposed. NML are however subject to HM Treasury controls regarding the application of end-year flexibility (EYF) balances and historical reserves.

The Trustees have formally reviewed the NML Reserve Policy and believe that the value of the reserves held should be £6,000,000. The trustees consider that the main reason for holding such a high reserve is due to the risk associated with the current capital programme and the impact that not achieving fundraising requirements may have on the organisation.

The trustees also believe that it is unlikely that the reserve can be increased to such levels in the timescales required. Therefore, the main strategy to reduce the risk associated with the capital programmes focuses on the realisation of the funding strategy for the Museum of Liverpool. The funding strategy is reviewed regularly by the Trustees.

Once the Museum of Liverpool main build is complete, Trustees envisage a reserve of £4,000,000 as sufficient to cover any risk the organisation may have. NML's financial strategy will be tailored after 2010/11 to allow reserve levels to increase to this level over a defined period of time.

Once the Museum of Liverpool project is complete post-2012 the Trustees believe that £3,000,000 will be a sufficient level of reserve, and that NML should have reserves at or around this level; these reserves will have specific designation to the organisation's ongoing capital and estate maintenance programmes.

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The budget projections for 2008/09 anticipated a break even position for the year assuming that adequate funds are identified to fund the Museum of Liverpool 2008/09. The 3 year financial strategy also envisages a break even position to 2010/11. Therefore NML must look to increase its reserves in 2011/12 and beyond to the levels defined.

**A new Museum of Liverpool**

Progress on the construction of the new Museum of Liverpool accelerated during the year with the main build contractor starting on site in March 2007. Further details of the developments in the year and their impact upon the account are set out later in this Financial Review.

**Fixed Assets**

Historically NML has held an unapplied receipt from the disposal of a property within its capital reserve account;

£215,393 in respect of 63/65 Blundell Street, Liverpool, continues to be held unapplied.

Application consents were received from DCMS In March 2002.

NML commissioned Drivers Jonas to carry out a full “red book” valuation of its land and buildings as at 31 March 2007.

The indexation movement on asset categories other than buildings was such that no adjustment was required as they were not deemed to be material.

**Trading Subsidiary**

NML wholly owns a subsidiary trading company, NML Trading Limited, which provides a range of catering, retail, conferencing and general support services.

The gross merchandising income and the associated revenue costs of the operation are shown within the consolidated Statement of Financial Activities as adjusted for group transactions. The assets and liabilities of the subsidiary trading company are combined with those of NML within the Balance Sheet. A summary of the results and net assets of NML Trading Ltd is shown at note 9 of the account.

During the year NML Trading Ltd produced a profit of £33,000. As a result the subsidiary made a gift aid contribution of £38,543 to NML for 2007/08.

**Customs & Excise National Museum**

In addition to the Grant-in-Aid (GiA) received from the DCMS, NML also receives GiA support from HM Revenue & Customs (HMRC). This arrangement is specifically related to the conservation, study and display of the national collection of HMRC. A summary of the HM Revenue & Customs Account is shown at note 16.

A further capital receipt of £145,000 was received during the year in respect of the new HMRC Museum currently in the course of development.

**Connected Charities**

Nine charitable trusts, whose legal existence pre-dates that of NMGM, are connected to NML’s activities via a commonality of trusteeship and a close association of charitable purpose. The accounts of the trusts are not consolidated with that of NML.

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<b>Speke Hall</b>	<p>An agreement entered into by Ministers in 1986 requires NML to make annual GiA payments to the National Trust towards the upkeep of Speke Hall until 2015. The level of this grant is agreed annually between NML and the National Trust and for the year ended 31 March 2008 the GiA was settled at £161,820. All of this was paid during the year. The grant is associated with the revenue activities of Speke Hall and is not capital in nature.</p>
<b>Prescot Museum</b>	<p>Historically NML has made an annual payment of grant to Knowsley Borough Council. The settlement was negotiated annually. By mutual assent, this agreement was terminated from 30 September 2007. The level of support for 2007-2008 was £36,853 none of which had been paid during the year. This payment related to the running costs of Prescot Museum which housed most of NML's horology collections. The collections were held under a Trust Document.</p>
<b>Gower Street Estates</b>	<p>NML is a member of Gower Street Estates Limited (GSEL) a company formed to manage those areas within the Albert Dock formerly managed by the Merseyside Development Corporation which ceased to exist as a body on 31 March 1998. The company is limited by guarantee and is non-profit making. The activities of the company are covered by a service charge levied on members which is calculated after taking into consideration any earned income. The service charge applicable to NML for 2007/08 is referred to in note 17.</p>
<b>Prompt Payment of Creditors</b>	<p>NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2007/08, 90% (2006-2007 – 70%) of NML's creditors were paid within 30 days of receipt of the invoice.</p> <p>NML is committed to the full implementation of the Better Payment Practice Code. There were no payments of statutory interest under the Late Payments of Commercial Debts (Interest) Act 1998 during the year.</p>
<b>Data Loss and Information management</b>	<p>NML has suffered no protected personal data incidents during 2007-2008 or prior years, and has made no reports to the Information Commissioner's Office.</p>
<b>Principal risks and uncertainties</b>	<p><i>Liquidity Risks</i></p> <p>In 2007-08, £22.3m (48%) of NML's income derived from Grant-in-Aid from the Department for Culture, Media and Sport. In addition revenue GIA of £330k and a capital grant of £145k was received from HM Revenue and Customs. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk. However, this risk is mitigated by the reserves policy.</p> <p>Going forward there is a liquidity risk for the ongoing capital programme, to the extent that the funding is dependant upon the successful generation of grant and donations; and the receipt of these funds.</p> <p>The FRS disclosure on derivatives and other financial instruments is contained in Note 8.</p>

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**Environment  
matters**

NML acknowledges the impacts of its activities on the environment at local, national and global level and is committed to minimising the impact of its activities via continuous improvement in environmental performance through efficient and effective use of all resources. NML achieved Energy Efficiency Accreditation from the National Energy Foundation in 2002 and this has been re-awarded in 2005 and 2008. NML have also participated in a Carbon Trust project seeking energy efficiency measures through 'advanced metering' of gas, electric and water supplies. By means of detailed environmental monitoring and the consideration of new initiatives, NML seek to reduce the consumption of fossil fuels and reduce water consumption.

The energy and environmental policy is reviewed every 2 years and the Senior Management Team is appraised of energy consumption across the venues on a regular basis. Efficiency measures are progressed through information provided to 'energy champions' and work is undertaken to introduce measures through consideration of payback periods (an example of this is the introduction of a new boiler control system at NML's Dale Street building at a cost of £6.6k. This resulted in a reduction in gas consumption with a saving of £7.6k in the first year, a payback period of less than 12 months).

### **Impact of the Capital Programme**

#### **New Museum of Liverpool**

NML's major capital project is the creation of a new Museum of Liverpool, due to become operational in 2010.

The planning and development period, which ended 30 June 2007, was funded by the Northwest Regional Development Agency (NWDA) through a £6m enabling grant.

The work carried out, with the aid of the development grant, led to the award of a £29.2m project grant from the NWDA.

A £5million grant was also secured from the European Regional Development Fund (ERDF).

The funding agreements for both grants have been signed and monies are currently being claimed in respect of expenditure on the new museum. Both grantors continue to regularly audit and review the programme. The audits completed have had only minor recommendations.

In June 2007, a main contract for the build of the new Museum was signed with an Anglo- Danish joint venture company – Pihl Galliford Try (PGT) for a maximum lump sum value of £41m. The lump sum contract gives NML a high degree of cost certainty. Progress on the main build continues apace. Although the contractor is reporting delays of approximately 7 weeks, these have not yet been substantiated.

In October 2007, NML terminated its contract with the concept architects 3XN, a new professional design team was put in place to finalise the design and detailed drawings.

The ERDF eligible funding period ceases on 31 December 2008. Officers are currently ensuring that all eligible expenditure is expended and grant monies claimed within the specified period. Forecasts suggest that the full £5m grant will be claimed; however it is dependant on the level of expenditure on the main build up to 31 December 2008.

As sights are setting on the completion of the main build in summer 2009, preparations have started in earnest to deliver the £22.4m fit out of the new museum. During the 2007/08 financial year the decision was made to phase the fit out over a longer time period. The longer phasing will allow more time to deliver what is a complex fit out, and also allows more time for the fund raising strategy to deliver the outstanding funding associated with fit out works.

The extension of the fit out delivery period has allowed NML to apply more of its own funds to the project. It is anticipated that NML will apply £14m of its own funds over the course of the build and fit out.

In September 2008, NML also received confirmation from the Heritage Lottery fund that the MoL project would benefit from an £11m grant towards the cost of fitting out the new museum.

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NML continues to work tirelessly to identify the outstanding funding balance for the new museum. At an anticipated total project cost of £71.758m for design, build and fit out, the projected fund raising requirement is (at October 2008) below £6m. The reduction of this target and the delivery of the project to time and cost are the major challenges facing NML over the next 3 years.

**International  
Slavery Museum  
(Phases One and  
Two)**

The international Slavery Museum (ISM) opened to international acclaim in August 2007. Visitor numbers have exceeded expectations. Phase 1 was delivered to time and budget. With monies provided by DCMS, HLF, the Weston foundation, and from the estate of Mrs E Tomlinson.

Building on the incredible success of phase 1, NML planned to acquire the building directly adjacent to the ISM, the Dock Traffic Office (DTO). Once acquired NML planned a £5million project to refurbish the DTO as the entrance and resource facility for the ISM.

Phase 2 is the acquisition of the DTO. NML leased the DTO and exercised its 'option to purchase' on 31 March 2008. The purchase of the building was facilitated by a £1.8m grant from the NWDA. The acquisition of the long leasehold has been completed in 2008/09.

NML is now planning phase 3 of the project which consists of works to renovate, refurbish and fit out the DTO. Grant applications to enable the delivery and completion of this phase have been submitted to ERDF. The success of the applications will dictate the time scales and delivery of phase 3 but it is hoped if current applications are successful, the new museum will open shortly after the Museum of Liverpool in 2012.

**Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2007/08. The audit fee in respect of this work was £40,000. Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £5,420. An additional audit service for grant certificates was contracted with PKF (UK) LLP. The audit fee in respect of this work was £5,170. Non-audit services were not provided by any of these auditors.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 5 November 2008

*Professor Phil Redmond  
CBE*  
Chairman of Trustees  
Date: 5 November 2008

**National Museums & Galleries on Merseyside**  
**Annex to the Annual Report for the year ended 31 March 2008**

**KEY PERFORMANCE INDICATORS – 2008 OUTTURN**

Performance Indicator	2006-07 Agreed Targets	2006-07 Out-turn	2007-08 Agreed Targets	2007-08 Out-turn
<b>Core Targets</b>				
<b>KPI (1)</b> Total number of visits	1,600,000	1,694,065	1,700,000	2,167,626
<b>KPI (2)</b> Number of website visits	2,500,000	2,580,000	3,100,000	3,360,000
<b>KPI (3)</b> Number of UK adults aged 16 and over from lower socio-economic groups visiting NML	475,000	435,942	487,000	391,625
<b>KPI (4)</b> Number of children aged 15 and under visiting NML	650,000	580,548	700,000	639,845
<b>KPI (5)</b> Number of children aged 15 and under in on and off site organised educational sessions	110,000	368,961	120,000	375,353
<b>KPI (6)</b> Net Income from trading (including corporate hire)	196,000	448,000	208,000	347,000
<b>KPI (7)</b> Efficiency savings	252,300	4,344,000	305,300	9,456,000

**Explanatory Note:**

KPI 3 includes only visitors over age 16, which is 89% of total visitors (1,350,431 in 2007/8). We are now reporting Lower Socio-Economic groups as NS-SEC (categories 5-8), which is 391,625 in 2007/8 (or 29%).

Children visiting to attend onsite educational programmes are counted solely within KPI (5) and are not counted as part of KPI (4)

KPI (7) targets were misstated in the Funding Agreement

**National Museums & Galleries on Merseyside**  
**Statement of Trustees' and Director's responsibilities**  
**For the year ended 31 March 2008**

Under paragraph 8(2) of the Schedule to the Merseyside Museums and Galleries Order 1986 the Board of Trustees of the National Museums & Galleries on Merseyside is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The account is prepared to show a true and fair view of the National Museums Liverpool's financial activities during the year and of its financial position at the end of the year.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State<sup>1</sup>, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the account on the going concern basis, unless it is inappropriate to presume that NML will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the National Museums Liverpool as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.

So far as the Accounting Officer and the Board of Trustees are aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer and the Board of Trustees have taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditors are aware of that information.

*Dr David Fleming OBE*  
Director and Accounting Officer,  
National Museums & Galleries on Merseyside  
Date: 5 November 2008

*Professor Phil Redmond*  
*CBE*  
Chairman of Trustees  
Date: 5 November 2008

<sup>1</sup> a copy of which is available from: The Director's Office, World Museum Liverpool (formerly Liverpool Museum), William Brown Street, Liverpool, L3 8EN.

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMG  
For the year ended 31 March 2008**

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## **1. Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of National Museums Liverpool's (NML's) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money<sup>1</sup>.

As Chairman of the Board of Trustees, I have delegated responsibility from the Board of Trustees for satisfying myself and the Board that such a sound system of internal control is maintained within NML.

NML is a NDPB sponsored by the DCMS and funded from Grant-in-Aid. The level of Grant-in-Aid is allocated on the basis of the Funding Agreement developed jointly between NML and DCMS and is administered under the terms of a Management Statement and Financial Memorandum (MS & FM) to which both parties are signatory. NML applies a vision and core set of beliefs that incorporate or take cognisance of Government and Departmental objectives as laid out in the Public Service Agreement (PSA) for DCMS. These government objectives are integrated with NML's own corporate objectives as defined in the three year Corporate Plan, the Annual Business Plan, the three year Funding Agreement and MS & FM.

To deliver the products desired and specified in these agreements, NML has a management team structure that:

- is empowered by NML's Trustees through a scheme of delegation;
- is well defined and whose roles, responsibilities and accountability are communicated appropriately;
- operates a risk-based management approach;
- clearly defines roles and responsibilities and allocates accountabilities for the identification and management of risk; and
- aims to foster close and flexible working arrangements at all levels in the organisation.

## **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NML's policies, aims and objectives, evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NML for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

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<sup>1</sup> In NML responsibility for risk management is shared by the Board and the Accounting Officer, therefore the SIC is signed jointly by the Accounting Officer and the Chair of the Board. Some NDPBs may be required to do this under other provisions by which they are governed. For example, the Charities Statement of Recommended Practice (SORP) 2005 requires the trustees of charitable bodies to be jointly responsible for the preparation of accounts and annual reports. Consequently, for charitable NDPBs one or more of the trustees should sign the annual report, the balance sheet and the SIC along with the Accounting Officer.

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMG  
For the year ended 31 March 2008**

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NML's management team is structured to ensure that key services and obligations are delivered in the most effective and efficient manner. The management team structure comprises three tiers of management:

- the **Executive Team (ET)**, who provide strategic direction of the organisation's activities and comprise
  - the Director as Accounting Officer,
  - an Executive Director of the Museum of Liverpool Project,
  - an Executive Director of Development and Communications,
  - an Executive Director of Human Resources,
  - an Executive Director of Finance,
  - an Executive Director of Public Services – Collections Management
  - an Executive Director of Public Services – Visitor Management
  - a Secretary to the Board of Trustees.
  - The Head of Internal Audit (as an observer) also attends the meetings;
- the **Senior Management Team (SMT)**, responsible for the implementation of policies to achieve core aims, beliefs and operational objectives comprising the Executive Team and fifteen Divisional Heads (as appropriate); and
- the **Strategy Forum**, comprising the ET, SMT and Departmental Heads tasked with the delivery of strategic objectives, corporate priorities and obligations, NML's vision and beliefs whilst managing and containing the organisation's risks at an acceptable level.

NML has a well-defined Committee structure to ensure close conformity with best governance practice. This allows the institution to make best use of Trustees' expertise in areas where they can offer greatest experience and knowledge and introduces external non-executive members to enhance further the objectivity of the Committees in line with current HM Treasury guidance. Committees are also structured to mirror the principal activities associated with the Directorates and Divisions represented on the Executive Team.

The Strategy Forum provides an organisation-wide focus group for the identification and control of risk and the allocation of management responsibility and accountability across NML's whole spectrum of diverse activities. Members of the Strategy Forum at all levels have undergone training or awareness-raising to facilitate the embedding of an effective risk management approach in NML. Managers in the Strategy Forum understand that it is their responsibility to manage and contain NML's risks at a level that is acceptable to their senior management and the Trustees.

As part of NML's commitment to continuous improvement in all of its activities, managers have received developmental training to equip them and aid them in the discharge of their responsibilities. In addition, NML is now delivering a unique training programme to prepare its' curatorial and conservational staff in the disciplines and skills necessary for all aspects of collections management. This initiative is highly regarded and currently is fully subscribed.

### **3. Capacity to handle risk**

The Director and his Executive Team continue to monitor NML's capacity to handle risk and measure this against the needs dictated by the environment within which the organisation operates. A fundamental review of NML's risk management,

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Statement on Internal Control within NMG  
For the year ended 31 March 2008**

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governance and internal audit processes is currently ongoing. Deloitte have been commissioned to review existing systems and processes. Whilst NML acknowledge that there is scope for improvement in some areas of the risk management and internal control, generally financial controls and critical aspects of risk management are well embedded. The Director is assured by his Executive Directors and Senior management Team that NML's existing governance structure has been effective in controlling and containing risk at acceptable levels during 2007/08.

During 2007/08 the Executive Team has acted to maintain the organisation's capacity to handle and contain risk at levels acceptable to its various stakeholders. To this end the Executive Team has:

- extended the use of the risk management computer application – the RiskNetwork<sup>®</sup> - to more managers than previously had access to the system;
- identified and documented the organisation's strategic risks;
- continued to develop the Senior Management Team and Strategy Forum structures;
- reinforced an effective management team, integrated at many levels, vertically and horizontally, across the whole organisation, which meets to consider the plans and strategic direction of NML and the associated risks for the institution;
- reviewed and acted to ensure NML's corporate priorities and obligations continue to sustain and deliver core activities irrespective of the operating environment;
- maintained and communicated a clear statement of NML's vision and beliefs to underpin all of its fundamental obligations and priorities;
- facilitated Trustee Committee meetings that link closely to operational areas of responsibility and specifically an Audit Committee which reports to the Board of Trustees on internal control and risk associated issues across all areas of activity;
- continued to provide for the Head of Internal Audit to attend Executive Team meetings and meetings of the Full Board of Trustees;
- introduced a new range of Key Performance Indicators that are more relevant for measuring and reporting NML's performance;
- continued to apply the principle of determining corporate priorities, the strategic planning process based on Directorates, which links priorities to resource availability in the form of funding and people;
- reviewed existing Internal Audit methodologies and considered new approaches aimed at providing more detailed and sustainable assurances from the resources available;

#### **4. The risk and control framework**

NML continued to improve risk management systems throughout 2007/08. To this end the Executive Team has:

- developed individual risk registers with project partners for major capital projects which are OGC Gateway and HMT Orange Book compliant;
- continued to operate a formal and transparent budget process;
- continued to monitor, on a regular basis, the organisation's performance against the operational budget to ensure potential, critical financial risks are highlighted at the earliest opportunity;
- facilitated a workshop with Divisional Directors to identify NML's key strategic risks;
- introduced a corporate risk register of the organisation's most strategic risks

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**For the year ended 31 March 2008**

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(separate from RiskNetwork<sup>®</sup> but which will be integrated in due course);

- supported and agreed the use of workshops for the identification and recording of risks facing NML;
- has adopted the Treasury's own "Orange Book" and "Orange Booklet for NDPBs" as NML's principal guidance on risk management and has made this available to all staff in an electronic version;
- made provision for other supporting guidance to be made available in an electronic form on the IT network including its suite of Financial Control Guidance Notes;
- extended the management development programme to raise risk awareness throughout the management structure;
- ensured that rigorous risk assessments are carried out by the responsible officers within the management team to provide the best conditions for the optimum physical health, safety and security of our staff and visitors;
- applied sensitivity analyses when developing activities which interact with our public; and
- put in place a dedicated team to ensure that our activities reach out to our public to ensure that all individuals and groups are included in the scope of our activities.

Although some processes are now well advanced, some further enhancements are required and to this end the Executive Director of Finance has been nominated as NML's sponsor for risk management and operation of the associated processes.

## **5. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within National Museums Liverpool who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee; and a plan to address weaknesses and ensure continuous improvement of the system is in place.

NML has a dedicated **Audit Committee** in line with HMT guidelines. This Committee meets at least three times a year and the Chairman reports to the full Board of Trustees. The inclusion of external members who are neither Officers nor Trustees of the institution has served to strengthen the membership. During 2007/08 the Audit Committee met three times. NML has its own **Internal Audit Unit**, which provides an independent service to the Accounting Officer and operational managers reviewing and offering recommendations on risk and control related issues. The Unit continuously reviews the methodologies it applies to ensure that its service is the most beneficial to the organisation and contributes effectively to the corporate risk based management approach. The Unit monitors and provides objective advice and assurance on:

- NML's managers' risk management strategies and measures, proposed and in place, to ensure that their assurances to the Accounting Officer are reliable and sustainable;
- the adequacy and effectiveness of internal control systems and the overall control environment in NML for the containment and management of risk at acceptable levels; and
- arrangements, proposed and in place, to ensure adequate and effective

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compliance with the NML's own governance requirements including:

- internal policies and objectives;
- statutory obligations;
- third party direction such as the Management Statement & Financial Memorandum; and
- regulatory requirements such as Health and Safety regulations.

In line with its primary objective of providing a positive assurance to the Accounting Officer, Internal Audit also carried out reviews and activities associated with:

- reviews of completed capital projects to derive 'lessons' that might be learned and applied to ongoing and future similar projects;
- facilitation of senior management meetings to assess the implication of emerging risks for NML during the course of the year; and
- tailored and detailed training in the use of risk management tools and techniques.

In drawing up this SIC, the Accounting Officer and the board are aware that information used for operational and financial reporting purposes needs to be captured and processed accurately to an appropriate quality standard, especially where it may be used by third parties or other stakeholders. Consequently the Accounting Officer and the board have sought assurances from managers and internal audit that information associated risks are being managed effectively.

During the year ended 31<sup>st</sup> March 2008 Internal Audit examined the arrangements in place for the control and management of access to essential corporate data as part of a review of IT Security which was completed and reported to management in August 2008. Internal Audit identified no incidents involving the loss or compromise of operational or financial information for the year ended 31<sup>st</sup> March 2008 and I am satisfied from the work carried out that the risk of any such loss was contained at an acceptable level. Internal Audit intends to carry out an examination of the arrangements in place for controlling access to data and documentation as part of their annual assurance exercise.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on  
Merseyside  
Date: 5 November 2008

*Professor Phil Redmond CBE*  
Chairman of Trustees

Date: 5 November 2008

## **National Museums & Galleries on Merseyside Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the National Museums and Galleries on Merseyside group for the year ended 31 March 2008 under the Merseyside Museums and Galleries Order 1986. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board of Trustees, the Director and auditor**

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Merseyside Museums and Galleries Order 1986 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises the Legal and Administrative information and Operating and Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Museums and Galleries on Merseyside has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the National Museums and Galleries on Merseyside's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Museums and Galleries on Merseyside's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report and the Key Performance Indicators – 2008 Outturn. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the

## **National Museums & Galleries on Merseyside Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

accounting policies are most appropriate to the National Museums and Galleries on Merseyside's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Merseyside Museums and Galleries Order 1986 and directions made hereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of the National Museums and Galleries on Merseyside and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and directions made hereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- the information, which comprises the Legal and Administrative information and Operating and Financial Review, included in the Annual Report, is consistent with the financial statements.

### **Opinion on Regularity**

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

*T J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS*

*Date: 1 December 2008*

**National Museums & Galleries on Merseyside  
Consolidated Statement Of Financial Activities  
For the year ended 31 March 2008**

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2008 £000	Total 2007 £000
<b><u>Incoming resources:</u></b>					
Grant-in-aid - DCMS	2	22,326	-	22,326	21,203
Grant-in-aid - HMRC	2	-	475	475	530
Incoming resources from generated funds:					
Voluntary income;					
Grants and donations		53	20,119	20,172	4,493
Legacies		-	-	-	1,550
Gifts	6	-	1,184	1,184	160
Merchandising income of subsidiary company	9	1,664	-	1,664	1,750
Investment Income	7	169	102	271	285
Incoming resources from charitable activities		<u>959</u>	<u>25</u>	<u>984</u>	<u>943</u>
<b>Total incoming resources</b>		<b><u>25,171</u></b>	<b><u>21,905</u></b>	<b><u>47,076</u></b>	<b><u>30,914</u></b>
<b><u>Resources expended:</u></b>					
Costs of generating funds;					
Fundraising costs		594	-	594	528
Costs of subsidiary company merchandising	9	1,814	-	1,814	1,976
Charitable activities;					
Care of collections		5,549	1,605	7,154	7,439
Care of buildings		6,585	2,748	9,333	9,662
Visitor Services		3,442	214	3,656	3,650
Exhibitions		1,531	129	1,660	1,769
Education and research		2,592	200	2,792	2,816
Other resources expended;					
Grants to third parties		199	-	199	238
Fees and Charges activities of charity staff		810	-	810	572
Disposal of assets		-	-	-	1,100
Governance costs		<u>276</u>	<u>-</u>	<u>276</u>	<u>250</u>
<b>Total resources expended</b>	4	<b><u>23,392</u></b>	<b><u>4,896</u></b>	<b><u>28,288</u></b>	<b><u>30,000</u></b>
<b>Net incoming resources before notional costs and transfers between funds</b>					
	3	1,779	17,009	18,788	914
Notional cost of capital	1(j)	(4,151)	(179)	(4,330)	(4,019)
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net (outgoing)/incoming resources after notional costs and transfers between funds</b>					
		(2,372)	16,830	14,458	(3,105)
Reversal of notional cost of capital		<u>4,151</u>	<u>179</u>	<u>4,330</u>	<u>4,019</u>
<b>Net incoming resources</b>		<b>1,779</b>	<b>17,009</b>	<b>18,788</b>	<b>914</b>
<b>Movement on assets:</b>					
	6 & 24				
<b>Unrealised net gain on revaluation of fixed assets and investments</b>		<b><u>8,533</u></b>	<b><u>5,159</u></b>	<b><u>13,692</u></b>	<b><u>4,488</u></b>
Net movement in funds		<u>10,312</u>	<u>22,168</u>	<u>32,480</u>	<u>5,402</u>
Fund balances brought forward at 1 April		<u>113,442</u>	<u>70,972</u>	<u>184,414</u>	<u>179,012</u>
Fund balances carried forward at 31 March	14	<b><u>123,754</u></b>	<b><u>93,140</u></b>	<b><u>216,894</u></b>	<b><u>184,414</u></b>

All of NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above. The notes on pages 46 to 72 form part of these accounts.

**National Museums & Galleries on Merseyside  
Consolidated Balance Sheet  
As at 31 March 2008**

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible assets	6	200,594	169,260
Heritage assets	6	<u>8,747</u>	<u>7,481</u>
		209,341	176,741
<b>Current assets:</b>			
Stock - goods for re-sale		156	135
Investments	24	276	1,510
Debtors	10	8,755	3,362
Cash at bank and in hand		<u>5,211</u>	<u>6,344</u>
		14,398	11,351
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,834)</u>	<u>(3,644)</u>
<b>Net current assets</b>		<u>7,564</u>	<u>7,707</u>
<b>Total assets less current liabilities</b>		<u>216,905</u>	<u>184,448</u>
<b>Creditors: due after more than one year</b>	11 & 12	<u>(11)</u>	<u>(34)</u>
<b>Total net assets</b>		<u>216,894</u>	<u>184,414</u>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	93,140	70,972
Unrestricted funds:			
Designated funds	14	121,566	111,266
General funds	14	<u>2,188</u>	<u>2,176</u>
<b>Total funds</b>	14	<u>216,894</u>	<u>184,414</u>

The notes on pages 46 to 72 form part of these accounts.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 5 November 2008

*Professor Phil Redmond CBE*  
Chairman of Trustees

Date: 5 November 2008

**National Museums & Galleries on Merseyside  
Museum Balance Sheet  
As at 31 March 2008**

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible assets	6	200,520	169,178
Heritage assets	6	8,747	7,481
Investment in NMGM Enterprises Limited	9	<u>380</u>	<u>380</u>
		<b>209,647</b>	<b>177,039</b>
<b>Current assets:</b>			
Stock - goods for re-sale		20	21
Investments	24	276	1,510
Debtors	10	8,886	3,330
Cash at bank and in hand		<u>4,711</u>	<u>6,000</u>
		<b>13,893</b>	<b>10,861</b>
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,636)</u>	<u>(3,458)</u>
<b>Net current assets</b>		<b><u>7,257</u></b>	<b><u>7,403</u></b>
<b>Total assets less current liabilities</b>		<b><u>216,904</u></b>	<b><u>184,442</u></b>
<b>Creditors: due after more than one year</b>	11 & 12	<u>(11)</u>	<u>(34)</u>
<b>Total net assets</b>		<b><u>216,893</u></b>	<b><u>184,408</u></b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	93,140	70,972
Unrestricted funds:			
Designated funds	14	121,566	111,266
General funds		<u>2,187</u>	<u>2,170</u>
<b>Total funds</b>		<b><u>216,893</u></b>	<b><u>184,408</u></b>

The notes on pages 46 to 72 form part of these accounts

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 5 November 2008

*Professor Phil Redmond CBE*  
Chairman of Trustees

Date: 5 November 2008

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2008**

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	<b>Notes</b>	<b>2008</b>	2007
		<b>£000</b>	£000
Net cash inflow from operating activities	<b>19</b>	<b>17,634</b>	6,056
Returns on investments and servicing of finance:			
Interest received		<b>271</b>	285
Decreases/(increases) in investments		<b>1,189</b>	(1,486)
Investing Activities:			
Capital expenditure and financial investments:			
Purchase of tangible assets adjusted for capital accruals		<b><u>(20,227)</u></b>	<b><u>(5,220)</u></b>
Decrease in cash in the year		<b><u>(1,133)</u></b>	<b><u>(365)</u></b>

The notes on pages 46 to 72 form part of these accounts

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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**1. Accounting Policies**

a) **Basis of accounting**

The financial statements have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with Sections 8(1) and 8(8) of the Schedule to the Merseyside Museums and Galleries Order 1986 and in accordance with: -

- a. Financial Reporting Manual (FRoM);
- b. other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Secretary of State; and
- d. the provisions of the Charities SORP 2005.

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings. They have also been prepared in accordance with applicable accounting standards and generally accepted accounting practice in the United Kingdom.

Consolidated financial statements have been prepared for NML and its subsidiary company NML Trading Limited. In addition a separate balance sheet has been prepared for NML alone. The Museum investment in NML Trading Limited is shown at book value, less any provision for impairment.

The income and expenditure lines of the Profit & Loss account of the subsidiary trading company are taken to the consolidated Statement of Financial Activities (SOFA). The SOFA, adjusted for intra-group transactions, and the Balance Sheets of NML and NML Trading are consolidated on a line-by-line basis.

A number of funds which predate NMGM's existence, which share a commonality of Trusteeship, have not been consolidated but are declared in full, as a note to the account (note 23).

b) **Incoming resources**

Grant-in-Aid from the Department for Culture, Media and Sport is taken to the Statement of Financial Activities in the year in which it is receivable.

Capital grants with a restricted application, Lottery income and income from the Northwest Development Agency is recognised as and when the conditions for its receipt have been met.

Legacies are treated as receivable as and when they are received unless there is sufficient evidence to provide the necessary certainty that the legacy will be received and that the value of the incoming resource can be measured with sufficient reliability.

A small amount of commercial income has been deferred under the receivable convention; this will be matched and released as and when the contractual obligations have been discharged.

All other income is accounted for on a receivable basis. Income from charitable activities includes; rental income, fees and charges commercial contracts, services to the subsidiary trading company and car parking income.

Incoming resources of a similar nature are grouped together in line with SORP 2005 requirements.

c) **Expenditure**

Resources expended of a similar nature are also grouped together in line with SORP 2005.

- The charitable activity groupings are; care of collections, care of buildings, visitor services, exhibitions and education and outreach. Expenditure has been allocated on a direct basis where applicable and by apportionment for administration and other costs. The apportionment method is based upon a pro-rata relationship of indirect costs to total direct costs.

Depreciation costs are allocated on a direct basis where applicable and the remainder based upon the same pro-rata basis as above; within the charity heads. NMLT Ltd depreciation is allocated directly to the costs of the subsidiary company.

Governance costs are; external audit fees, corporate governance (including internal audit), legal advice on governance issues and an apportionment of Finance costs associated with governance.

Support costs are; management, finance, information technology, office services and human resources. Apportionment is calculated on the same basis as administration costs.

d) **Heritage assets**

Until 31 March 2001 NML's collections have not been capitalised in the balance sheet since they were considered to be inalienable. The costs of additions to the collections were written off in the year of acquisition.

Additions to the collection acquired since 1 April 2001 are capitalised and recognised in the Balance Sheet, at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable and reliable. Such items are not depreciated or revalued as a matter of routine since the carrying values of many of the assets are affected by market demand.

Donated assets are valued by internal experts within the museum at an estimate of fair market value. Items allocated by HM Treasury under the acceptance in lieu of inheritance tax scheme are included in the accounts at their current valuation.

e) **Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of NML.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of an appeal.

Transfers between funds occur when small amounts of general funds are designated; general revenue funds are applied to capital expenditure and similarly when restricted funds are applied to major capital schemes.

f) **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation. Depreciation is provided on all tangible assets, except land and heritage assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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Freehold buildings	50 years
Long leasehold buildings	over the lease term up to a maximum of 50 years
Furniture and fittings	4 years (museum) 8 years (subsidiary)
Permanent Galleries	10 years
Motor vehicles	4 years

The capitalisation threshold for all categories of depreciated fixed assets is "greater than" £2,000 (subsidiary £500).

The threshold for capitalisation of gifts in kind is £500.

Assets in the course of construction are stated at cost in tangible fixed assets, but are not depreciated until the asset becomes operational. The asset will then become subject to subsequent valuations and the appropriate depreciation schedule.

Land and buildings are professionally revalued every five years. The last full quinquennial external valuation of all NML's land and buildings was undertaken as at 31 March 2007.

Within the subsidiary trading company, the depreciation policy and financial threshold for asset recognition is different to that of NML and therefore there is an inconsistency within the Group. This is not material within the context of these statements.

Where NML becomes aware that the carrying value of its tangible fixed assets have suffered from impairment, steps are taken to ensure that the carrying value is restated.

- g) **Stock**  
Stock is valued at the lower of cost and net realisable value and comprises goods for resale.
- h) **Leases**  
Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.
- i) **Pensions**  
NML's staff are employed on terms, conditions and rates of pay determined by the Trustees. Staff who meet the eligibility requirements are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS) and the conditions of the Superannuation Acts, 1965 and 1972 apply.

The Museum recognises the expected costs of these elements on a systematic and rational basis over the period during which benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the Museum recognises the contribution payable for the year.

The full cost of the accrued liability for annual compensation payments under early retirement arrangements, are recognised in the year of departure.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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The subsidiary trading company operates a defined contribution scheme. The cost of the scheme to the company is limited to the employer's contributions payable.

j) **Notional costs**

In accordance with Treasury guidance, notional costs of capital are charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. These are reversed so that no provision is included on the balance sheet.

The notional cost of capital is 3.5% of average net assets (2006/07: 3.5%) calculated in accordance with advice issued by HM Treasury. The net values associated with assets funded by donations and by lottery grants are excluded from the notional charge as are the capitalised values of additions to the collections.

k) **Taxation**

NML is an exempt charity by virtue of schedule 2 to the Charities Act 1993 and its primary purpose activity is exempt from Corporation Tax under Section 505 of the Income and Corporation Taxes Act 1988. The profits of the trading company are passed annually to the charity in such a way that any tax liability is mitigated in line with HMRC guidance.

By virtue of section 33A of the Value Added Tax Act 1994 NML receives refunds of VAT incurred on the purchase of goods and services, or on the acquisition or importation of goods used in connection with the free right of admission to the public. Ordinarily this VAT cannot be recovered because it is attributable to the non-business activity of free admission.

l) **Provisions**

NML has made a specific provision in respect of an early retirement scheme. Under this scheme, the Museum bears the cost of these benefits until the normal retirement age. The liability is recognised in NML's account; after the business case has been agreed, and the contract documents signed.

The total pension liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement and an increase in the provision for pension payments is made. Funds are released from the provision annually to fund pension payments to the retired employee until normal retiring age.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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- 2. Grant-in-Aid** £22,326,000 of DCMS "Grant-in-Aid" has been received during the year (2007: £21,203,000). This money is available for running costs, capital improvements and collection purchases. During the year Grant-in-aid was allocated to:

	<b>2008</b>	2007
	<b>£000</b>	£000
General Fund	<b>18,976</b>	18,403
Collection purchase fund	-	-
Deferred Government Grant Capital Allocation	<b><u>3,350</u></b>	<u>2,800</u>
	<b><u>22,326</u></b>	<u>21,203</u>

NML also receives Grant-in-Aid from the HM Revenue & Customs resource account. The amount received in 2007/08 was £329,541 (2006/07 £392,292; -£7,000 net repayable). A capital amount of £145,000 was also received (2006/07 £145,000). A summary can be seen at Note 16.

**3. Net Incoming Resources**

	<b>2008</b>	2007
	<b>£000</b>	£000
Net incoming resources before transfers is stated after charging for:		
Travel and Subsistence (including Trustees)	<b>176</b>	182
Hospitality	<b>108</b>	88
Operating lease payments	<b>240</b>	136
Consolidated Audit Fee	<b>40</b>	38
Trading Company Audit Fee	<b><u>5</u></b>	<u>7</u>
	<b><u>569</u></b>	<u>451</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

<b>4. Total resources expended</b>	<b>Staff Costs £000</b>	<b>Other Costs £000</b>	<b>Depreciation £000</b>	<b>2008 Total £000</b>	<b>2007 Total £000</b>
Costs of generating funds:					
Fundraising costs	470	124	-	594	528
Cost of subsidiary company merchandising	1,000	790	24	1,814	1,976
Charitable activities;					
Care of collections	4,578	1,169	1,407	7,154	7,439
Care of buildings	844	4,231	4,258	9,333	9,662
Visitor services	3,506	68	82	3,656	3,650
Exhibitions	764	849	47	1,660	1,769
Education and outreach	2,061	655	76	2,792	2,816
Grants to Third Parties	-	199	-	199	238
Fees & Charges activities of charity staff	481	329	-	810	572
Governance costs	161	115	-	276	250
Disposal of assets	-	-	-	-	1,100
<b>Total resources expended</b>	<b><u>13,865</u></b>	<b><u>8,529</u></b>	<b><u>5,894</u></b>	<b><u>28,288</u></b>	<b><u>30,000</u></b>

**Governance costs** includes:

External Audit fees	-	45	-	45	45
Corporate Governance (incl Internal Audit)	117	3	-	120	127
Legal Advice	-	64	-	64	26
Finance	<u>44</u>	<u>3</u>	-	<u>47</u>	<u>52</u>
	<b><u>161</u></b>	<b><u>115</u></b>	<b><u>-</u></b>	<b><u>276</u></b>	<b><u>250</u></b>

<b>Support costs;</b>	<b>Care of Collections</b>	<b>Care of Buildings</b>	<b>Visitor services</b>	<b>Exhibitions</b>	<b>Education &amp; O'reach</b>	<b>Total</b>
Management	67	48	44	17	32	208
Finance	204	65	151	37	95	552
ICT	231	241	139	72	112	795
Office services	57	83	29	22	28	219
Human resources	<u>208</u>	<u>194</u>	<u>129</u>	<u>60</u>	<u>100</u>	<u>691</u>
	<b><u>767</u></b>	<b><u>631</u></b>	<b><u>492</u></b>	<b><u>208</u></b>	<b><u>367</u></b>	<b><u>2,465</u></b>

The support costs are contained within the respective charitable activities headings above.  
The Museum depreciation is split between Unrestricted £2.254m and Restricted £3.616m.  
The unrestricted element counts against NML's non-cash gia allocation.

A 'Special Payment' of £24,906.66 was made to Knowsley Borough Council during the year. This was deemed to be an extra-contractual payment in respect of the termination of two staff employment contracts at KBC. This payment was not referred to the DCMS.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

**5. Staff Costs**

During the year staff costs directly associated with the delivery of NML's major capital projects; a new Museum of Liverpool and an Egyptian Gallery - and incremental to the normal operating staff cost base, were capitalised. The amount for the year was £367,999. The following note has been expanded to reflect the capitalisation.

	NML	NML	Total	Total
		Trading Ltd	2008	2007
	£000	£000	£000	£000
Wages and salaries	10,328	937	11,265	11,407
Social Security Costs	693	53	746	757
Pension Costs	<u>1,844</u>	<u>10</u>	<u>1,854</u>	<u>1,880</u>
<b>Staff Costs within operating expenditure</b>	<b>12,865</b>	<b>1,000</b>	<b>13,865</b>	<b>14,044</b>
Capitalised Staff Costs	<u>368</u>	<u>-</u>	<u>368</u>	<u>226</u>
<b>Total Staff Costs</b>	<b><u>13,233</u></b>	<b><u>1,000</u></b>	<b><u>14,233</u></b>	<b><u>14,270</u></b>

The capitalised staff costs related to capital projects include; Basic Pay £286,827, Employers NIC £26,675 and Employers Superannuation £54,497.

All NML employments are covered by the Principal Civil Service Pension Scheme. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but NML is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (**Hewitt Bacon Woodrow**) valued the scheme as at 31 March 2007. You can find details in the resource accounts of the **Cabinet Office: Civil Superannuation** ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2007-08, employers' contributions of £1,860,760 were payable to the PCSPS (2006-07: £1,903,688) at one of four rates in the range 17.1 per cent to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2006-07 were between 17.1% and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09 the salary bands will be revised but the rates will remain the same. (The rates will be changing from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £7,016 were paid to one or more of a panel of three appointed **stakeholder** pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £732.29, 0.8 per cent of pensionable pay, were payable to the **PCSPS** to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

One employee retired early on **ill-health** grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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The subsidiary trading company previously operated a defined contribution scheme. The new pension arrangement means that the pensionable employees of the subsidiary company are now in direct contract with the pension provider. NMLT makes a contribution of 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employer's contribution amounted to £9,917 (2006-2007 £10,299).

There were two members of the Executive Team in the salary band £60,001 - £70,000 and one member in the salary band £90,001 - £100,000.

The average number of 'Full-Time Equivalent' employees analysed by division were:

<b>Employee Configuration as at 31 March 2008</b>	<b>2008</b>	<b>Employee Configuration as at 31 March 2007</b>	<b>2007</b>
Director's Office	8	Director's Office	8
Museum Secretary's Office	-	Museum Secretary's Office	2
Development and Communications	63	Development and Communications	60
Public Services:		Public Services:	
Collections Management	121	Collections Management	118
Visitor Services	193	Visitor Services	202
Museum of Liverpool	46	Museum of Liverpool	44
Human Resources	14	Human Resources	15
Finance, ICT & Procurement	36	Finance, ICT & Procurement	41
Cleaning Services	40	Cleaning Services	40
NML Trading Ltd	63	NML Trading Ltd	63
	<u>584</u>		<u>593</u>

The average number of 'Full-Time Equivalent' employees analysed by category of staff were:

<b>Employee Configuration as at 31 March 2008</b>	<b>2008</b>	<b>Employee Configuration as at 31 March 2007</b>	<b>2007</b>
Senior Management Team	14	Senior Management Team	11
Staff on permanent contract	516	Staff on permanent contract	532
Staff on secondment	1	Staff on secondment	-
Staff on fixed term contracts	53	Staff on fixed term contracts	50
Total	<u>584</u>	Total	<u>593</u>

NML does not have data available to analyse over the organisation's "Charitable Activities" as required by the SORP.

The average number of 'Full-Time Equivalents' capitalised is 14.

#### **Trustees**

The Trustees neither received nor waived any emoluments during the year. Payments to reimburse Trustees' travel and subsistence costs associated with the attendance of meetings amounted to £11,796 (2007: £14,477). Nine trustees were reimbursed in 2007/08.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2008**

<b>6. Tangible fixed assets</b>	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Fittings and Permanent Galleries</b>	<b>Motor Vehicles</b>	<b>Assets in Course of Construction</b>	<b>Sub-total</b>	<b>Heritage Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost/valuation</b>								
Valuation Base at 01-Apr-07	20,730	126,490	20,882	97	16,923	185,122	7,481	192,603
Additions in Year	-	2,623	2,472	3	18,397	23,495	1,266	24,761
Disposals	-	-	(8)	(19)	-	(27)	-	(27)
Revaluation	-	<u>13,737</u>	-	-	-	<u>13,737</u>	-	<u>13,737</u>
<b>Valuation</b>	<b>20,730</b>	<b>142,850</b>	<b>23,346</b>	<b>81</b>	<b>35,320</b>	<b>222,327</b>	<b>8,747</b>	<b>231,074</b>
Transfers to AICC	-	-	<u>2,010</u>	-	<u>(2,010)</u>	-	-	-
<b>Closing valuation</b>	<b><u>20,730</u></b>	<b><u>142,850</u></b>	<b><u>25,356</u></b>	<b><u>81</u></b>	<b><u>33,310</u></b>	<b><u>222,327</u></b>	<b><u>8,747</u></b>	<b><u>231,074</u></b>
<b>Depreciation</b>								
Balance as at 01-Apr-07	-	-	15,774	88	-	15,862	-	15,862
Base Charge for Year	-	2,820	3,068	6	-	5,894	-	5,894
Disposals	-	-	(4)	(19)	-	(23)	-	(23)
Revaluation	-	-	-	-	-	-	-	-
Balance as at 31-Mar-08	-	<u>2,820</u>	<u>18,838</u>	<u>75</u>	-	<u>21,733</u>	-	<u>21,733</u>
Net book value:								
<b>At 31 March 2008</b>	<b><u>20,730</u></b>	<b><u>140,030</u></b>	<b><u>6,518</u></b>	<b><u>6</u></b>	<b><u>33,310</u></b>	<b><u>200,594</u></b>	<b><u>8,747</u></b>	<b><u>209,341</u></b>
At 31 March 2007	<u>20,730</u>	<u>126,490</u>	<u>5,108</u>	<u>9</u>	<u>16,923</u>	<u>169,260</u>	<u>7,481</u>	<u>176,741</u>

This note reflects the consolidated position of NML and its subsidiary trading company NML Trading Limited. All of the tangible fixed assets of the trading company are shown within furniture and fittings. The net book value as at 31 March 2008 was made up of:

	<b>2008</b>	<b>2007</b>
National Museums Liverpool tangible fixed assets	200,520	169,178
National Museums Liverpool heritage assets	8,747	7,481
NML Trading Limited	<u>74</u>	<u>82</u>
	<b><u>209,341</u></b>	<b><u>176,741</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2008**

<b>Heritage Assets</b>	These consist wholly of additions to the collections. The additions to the collections are made by purchase and by gift. In 2007-08 the major additions were:	£
	<b>Collection Purchase Fund</b>	
<b>By Purchase</b>	Walter Richards "Panorama of Liverpool, 1907" oil painting	28,500
	Herculaneum part Tea & Coffee service	10,000
	"Raven Robe" commission, by Dorothy Grant	7,793
	"The Rose", Mosley Hill signed Robert Timmis	3,000
<b>By Gift</b>	128 netsuke (Japanese toggles) 18 <sup>th</sup> -20 <sup>th</sup> century "Jonas Gadelius Collection"	1,000,000
	Cast iron chair with mahogany seat by Thomas Jekyll 1878	27,000
	Gymnasium shield awarded to A E Jones 1884	20,000
	Oil on canvas "Aureol on the Mersey" by John Stobart	10,000

The total value of gift received during the year was £1,184,000 of which the main ones are shown above.

**Collection Acquisitions**

All additions to the collections since 1 April 2001 have been capitalised and shown on the Balance Sheet, at cost or at valuation where the obtainment of such a valuation is cost effective and the valuation reliable. Capitalised costs / values are not depreciated or re-valued as a matter of routine. Additions to the collection by way of gift are recognized as below.

**Gifts**

Gifts in kind are recognised in the account as ownership passes from the donor to NML and are valued either by NML staff or, where a relationship with a taxation agreement exists, by reference to a Capital Taxes Office valuation.

The threshold for capitalisation of gifts in kind is £500.

The collections of NML comprise objects of fine and decorative art; costume and textiles; ethnology; zoology; botany; physical science; scientific instruments; earth science; antiquities; numismatics; archaeology; social and urban history; industry; land transport; archives; transatlantic slavery; maritime history; ships and boats; and military history.

The collections are held at NML sites in and around Liverpool (Walker Art Gallery; Merseyside Maritime Museum; World Museum Liverpool; Lady Lever Art Gallery; Transatlantic Slavery Museum; Sudley House; Oratory; and Juniper Street stores 1 and 2), and at sites around Britain with long-term loans from the collections. NML also holds a number of long term loans including particularly the national collection of HM Revenue and Customs and the King's Regiment collection.

The collections are recorded on paper and within electronic databases which are subject to annual audit inspections.

The condition of the collections is monitored by professional conservators and curators employed by National Museums Liverpool, supported by a collections management training scheme.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

**Net Book Value of Land and Buildings.**

NML has operated a revaluation policy in relation to its land and buildings since its formation in 1986. Under the valuation conventions of the Royal Institute of Chartered Surveyors a full revaluation is carried out every five years, an appropriate index is used to cover the intervening periods.

NML instructed Drivers Jonas, chartered surveyors, to carry out a full valuation of its land and buildings as at 31 March 2007 and the results of the valuation are reflected in the financial statements. The table reflects an increase this year in net book value due to the indexation applied.

A particular concern for the valuation was the treatment of the Mann Island Site and the Maritime Park which are affected by the construction of the New Museum of Liverpool and the extension of the Leeds- Liverpool Canal. In restating the land values the area of land upon which the new museum will be built has been treated as land associated with Assets in the Course of Construction and the post balance sheet disposal areas separately identified. The opportunity has also been taken to re-categorise the Maritime Park into more logical valuation areas.

The results, and the basis of the valuation, across all sites are shown below: -

Property	Basis	Land Value 31-Mar-07 £	NBV Bldgs 31-Mar-07 £	Land Value 31-Mar-08 £	NBV Bldgs 31-Mar-08 £
<b>Freehold Properties</b>					
Lady Lever Art Gallery	DRC	830,000	5,820,000	830,000	6,621,765
County Sessions House	DRC	600,000	1,730,000	600,000	1,879,520
The Walker	DRC	3,550,000	14,590,000	3,550,000	15,850,985
World Museum Liverpool	DRC	3,500,000	53,500,000	3,500,000	58,378,023
Sudley House	DRC	210,000	1,780,000	210,000	1,933,842
Maritime Park:- (recategorised as)					
MLL demolished					
MLL retained	DRC	320,000	640,000	320,000	2,110,008
GWR Building	DRC	390,000	450,000	390,000	
Dockmaster's House	DRC	100,000	100,000	100,000	
Canning Docks	DRC	3,460,000	750,000	3,460,000	
Maritime Car Park:- (recategorised as)					
Prospective canal basin (T1A)	EUV / MV	440,000	-	440,000	-
Land abutting canal basin (T2)		152,000	-	152,000	-
Canning Docks / Pilotage Amenity Land		3,726,000	-	3,726,000	-
GWR Amenity Land (T7A)		192,000	-	192,000	-
Western Steps (T7B)		120,000	-	120,000	-
Juniper Street	EUV	-	4,960,000	-	5,392,674
Dale Street	EUV	-	3,373,500	-	3,665,065
		<b>17,590,000</b>	<b>87,693,500</b>	<b>17,590,000</b>	<b>95,831,882</b>
<b>Long Leasehold Properties</b>					
Oratory	DRC	60,000	50,000	60,000	54,321
Maritime 'D' Block	DRC	1,160,000	21,800,000	1,160,000	23,867,186
Maritime Piermaster's House	DRC	260,000	490,000	260,000	532,350
The Walker	DRC	30,000	140,000	30,000	152,100
Conservation Centre	DRC	1,630,000	16,240,000	1,630,000	17,644,189
DS (11 North St)	OMV	-	76,500	-	83,112
Dock Traffic Office		-	-	-	1,865,000
		<b>3,140,000</b>	<b>38,796,500</b>	<b>3,140,000</b>	<b>44,198,258</b>
<b>Totals</b>		<b>20,730,000</b>	<b>126,490,000</b>	<b>20,730,000</b>	<b>140,030,140</b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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After the indexation the net book value of land and buildings comprises:

	<b>£000</b>
Land	20,730
Freehold Buildings	95,832
Long Leasehold Buildings	<u>44,198</u>
	<b><u>160,760</u></b>

**Assets in the Course of Construction**

**Assets in the Course of Construction**

	<b>£000</b>
Assets in the Course of Construction consist of:	
Museum of Liverpool	25,715
Lady Lever the Collector	40
Egypt Gallery	140
HMRC New Gallery	475
Land under construction	<u>6,940</u>
	<b><u>33,310</u></b>

**Disposals in year**

There was £8,000 of furniture and fittings disposals for the subsidiary trading company and £19,000 of vehicles for the museum. NML is carrying forward an unapplied balance in respect of the disposal of the Blundell Street Warehouse (£215,393). The cash balance forms part of the asset representation of the Capital Reserve Fund.

**7. Investment Income**

All of the investment income derives from returns on fixed interest placement with National Westminster Bank plc:

	<b>2008</b>	2007
	<b>£000</b>	£000
Interest receivable	<u>271</u>	<u>285</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

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**8. Financial Instruments**

The organisation has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to material liquidity risks.

FRS 13 *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks which the Trustees of NML face in discharging their duties.

We have taken advantage of the exclusion permitted by FRS13 and not disclosed short-term debtors and creditors.

Liquidity Risks

In 2007-08, £22.3m (48%) of NML's income derived from Grant-in-Aid from the Department for Culture, Media and Sport. In addition revenue GIA of £330k and a capital grant of £145k was received from HM Revenue and Customs. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk. However, this risk is mitigated by the reserves policy.

Going forward there is a liquidity risk for the ongoing capital programme, to the extent that the funding is dependant upon the successful generation of grant and donations; and the receipt of these funds.

Interest Rate Risks

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2007-2008 was 4.25%.

Foreign Exchange Risks

NML does not engage in market dealings in respect of foreign currencies and the Trustees are therefore not exposed to any foreign exchange risks.

Investment Risk

NML has £0.276m invested in fixed interest and equity stocks. The investment manager works to a low risk profile instruction. The amount invested represents less than 5% of total incoming resources.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

**9. Trading subsidiary** NML owns the whole of the issued share capital of NML Trading Limited, a company registered in England and Wales. The company's principal activities consist of the provision of catering, retailing, conferencing and other services to NML's visitors.

The Directors of the company as at 31 March 2008 were:  
 Lorraine Rogers (Chair)  
 David Fleming  
 Loyd Grossman  
 Alexis Redmond

All of the Directors serve on a voluntary, unpaid basis.

The registered office of the company is situated at 127 Dale Street, Liverpool.

The trading performance for the year ended 31 March 2008 is summarised below followed by the Company's Balance Sheet.

<b>Results</b>	<b>Income</b>	<b>Cost of Sales</b>	<b>Other Expenditure</b>	<b>(Loss) / Profit</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Retail	552	(276)	(268)	8
Catering	1,182	(387)	(713)	82
Other Services	245	-	(314)	(69)
Interest receivable	<u>12</u>	:	:	<u>12</u>
<b>Total as at 31 March 2008</b>	<b><u>1,991</u></b>	<b><u>(663)</u></b>	<b><u>(1,295)</u></b>	<b><u>33</u></b>
At 31 March 2007	2,075	(812)	(1,277)	(14)

To mitigate corporation tax liability the company passes the annual profit to the parent charity by way of a gift aid transfer. This year £38,543 was gifted to the Museum.

<b>Balance Sheet</b>	<b>2008</b>	2007
	<b>£000</b>	£000
Fixed assets	74	82
Current assets	708	554
Current liabilities	<u>(401)</u>	<u>(250)</u>
Net assets	<b><u>381</u></b>	<b><u>386</u></b>
<b>Share capital and reserves</b>	<b>381</b>	386

The authorised share capital of the company is £500,000 in £1 shares of which 380,000 shares have been allotted, called up and fully paid.

**National Museums & Galleries on Merseyside**  
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**2008**

The reconciliation to the Consolidated Statement of Financial Activities in respect of merchandising income and cost of sales is as follows: -

	2008 £000	2007 £000
<b>Merchandising Income of Subsidiary Company</b>		
Merchandising Income of the company as shown in the Statement of Financial Activities	1,664	1,750
plus sales to NML, the parent body	327	325
<b>Equals total NMLT Income</b>	<u>1,991</u>	<u>2,075</u>
 <b>Costs of subsidiary company merchandising</b>		
Costs of subsidiary company merchandising as shown in the Statement of Financial Activities	1,814	1,976
plus purchases from NML, the parent body	<u>144</u>	<u>113</u>
	1,958	2,089
 <b>Which equates to;</b>		
<b>NMLT cost of sales plus</b>	663	812
<b>NMLT other expenditure</b>	<u>1,295</u>	<u>1,277</u>
	<u>1,958</u>	<u>2,089</u>
	2008 £000	2007 £000
<b>Amount owed by the parent body to the subsidiary</b>	<u>11</u>	<u>64</u>
<b>Amount owed by the subsidiary to the parent body</b>	<u>192</u>	<u>128</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

10. Debtors	2008	2008	2007	2007
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts due from subsidiary	192	-	128	-
Trade debtors	308	265	646	734
Other debtors and prepayments	7,873	7,977	1,981	2,053
Taxation (VAT) recoverable	513	513	575	575
	<u>8,886</u>	<u>8,755</u>	<u>3,330</u>	<u>3,362</u>

Other debtors includes a balance of £4,311,640 owed by the North West Regional Development Agency and £505,870 by HLF. £512,851 is owed by HM Revenue and Customs.

There were no further Whole of Government Accounts (WGA) related balances outstanding.

11. Creditors:	2008	2008	2007	2007
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts due to subsidiary	11	-	64	-
Trade creditors	1,690	1,656	1,271	1,294
Other creditors and accruals	4,531	4,676	1,688	1,816
Deferred income	150	186	189	215
Taxation and social security	254	316	246	319
	<u>6,636</u>	<u>6,834</u>	<u>3,458</u>	<u>3,644</u>
Amounts falling due after more than one year:				
	11	11	34	34
	<u>6,647</u>	<u>6,845</u>	<u>3,492</u>	<u>3,678</u>

Other creditors and accruals includes an amount of £171,306 owing to the Heritage Lottery Fund.

Deferred income includes a sum of £57,000 (English Heritage) brought forward from 2006-2007

There were no further WGA related balances outstanding.

12. Provision for Early Retirement:	2008	2008	2007	2007
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Balance brought forward	78	78	-	-
Provision in year	-	-	156	156
Less payments in year	(46)	(46)	(78)	(78)
<b>Balance carried forward</b>	<u>32</u>	<u>32</u>	<u>78</u>	<u>78</u>

This represents early retirements prior to 2007-2008. There were no staff members who took early retirement in 2007-2008, nil (2006-2007).

Of the £32,000 provision at 31 March; £21,000 is within amounts falling due within one year and £11,000 within amounts falling due after more than one year.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2008**

**13. Financial Commitments** At 31 March 2008 NML had annual commitments under non-cancellable leases as follows:

	<b>2008</b>	<b>2008</b>	2007	2007
	<b>Land &amp;</b>	<b>Other</b>	<b>Land &amp;</b>	<b>Other</b>
	<b>Buildings</b>		<b>Buildings</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within one year:	70	7	-	-
In the second to fifth year	45	-	45	-
More than five years	<u>-</u>	<u>-</u>	<u>140</u>	<u>-</u>
	<b><u>115</u></b>	<b><u>7</u></b>	<b><u>185</u></b>	<b><u>-</u></b>

The Land & Buildings commitments are two operating leases; Dock Traffic Office and Juniper Street 2 building.

<b>14. Statement of Funds</b>	At 1	Income	Expend-	Revalua-	Transfers	At 31
	Apr-07		iture	tions		Mar-08
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
Designated funds						
Collection purchase fund (Free)	143	-	(20)	-	(51)	72
Collection purchase fund	584	-	-	-	51	635
C&E admissions (Free)	121	-	-	-	10	131
Academic Publications (Free)	135	21	(3)	-	-	153
Capital reserve	76,863	-	(1,123)	5,502	-	81,242
Deferred govt grant ITF	493	-	(11)	52	-	534
Deferred government grant	26,073	3,350	(628)	2,337	-	31,132
General capital	3,091	-	(284)	237	663	3,707
NMGM ITF	<u>3,763</u>	<u>-</u>	<u>(208)</u>	<u>405</u>	<u>-</u>	<u>3,960</u>
<b>Total designated funds</b>	111,266	3,371	(2,277)	8,533	673	121,566
<b>General funds (Free)</b>	<u>2,176</u>	<u>21,800</u>	<u>(21,115)</u>	<u>-</u>	<u>(673)</u>	<u>2,188</u>
<b>Total unrestricted funds</b>	<u>113,442</u>	<u>25,171</u>	<u>(23,392)</u>	<u>8,533</u>	<u>-</u>	<u>123,754</u>
<b>Restricted funds</b>						
Collection purchase fund	7,028	1,235	-	-	-	8,263
Development fund Revenue	2,460	3,070	(1,273)	-	(2,424)	1,833
Tomlinson Fund	1,574	78	(68)	(45)	-	1,539
Development fund Capital	20,882	-	(685)	2,172	2,424	24,793
Lottery Lutyens	-	-	-	-	-	-
NMGM ITF - Lottery	25,662	-	(2,073)	2,481	-	26,070
Lottery Capital	669	1,259	-	-	-	1,928
NMGM ITF - ERDF	3,494	-	(78)	379	-	3,795
ERDF Capital	162	1,499	-	-	-	1,661
Development fund ITF	2,139	-	(284)	172	-	2,027
NWDA ITF	855	-	(435)	-	-	420
NWDA Capital	<u>6,047</u>	<u>14,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,811</u>
<b>Total restricted funds</b>	<u>70,972</u>	<u>21,905</u>	<u>(4,896)</u>	<u>5,159</u>	<u>-</u>	<u>93,140</u>
<b>Total funds</b>	<u>184,414</u>	<u>47,076</u>	<u>(28,288)</u>	<u>13,692</u>	<u>-</u>	<u>216,894</u>

**National Museums & Galleries on Merseyside**  
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Note 14 reconciles to the Consolidated Statement of Financial Activities on page 42.

The significant transfers between funds during the year were £663,000 from the General Fund to the General Capital Fund (Fixed Asset Additions), £2,424,000 from the Revenue Development Fund to the Capital Development Fund (Fixed Asset Additions).

**Unrestricted Designated Funds:**

Comprise funds which have been set aside at the discretion of the Trustees for specific purposes.

**Revenue:**

**Unrestricted**

Within this group are:

*Collection purchase fund* for additions to the collections.

*C & E Admissions fund* for the running costs and special projects associated with the HM Customs & Excise Museum.

*Academic Publications fund* for the production of professional material.

The source of these funds is both government department grant-in-aid and earned income.

**Capital Asset Funds: Unrestricted**

Within this group are:

*Capital reserve* represents fixed assets transferred to NML. This came into being with the transfer of assets upon the abolition of Merseyside County Council.

*Deferred government grant* for the purchase and development of fixed assets. The source of this fund is government department grant-in-aid.

*Deferred government grant ITF* a fund with a finite life created to reflect the special grant-in-aid assistance provided by the DCMS to address the clearance of asbestos specific to the *NMGM ITF* project.

*General capital* for the purchase and development of fixed assets. The source of this fund is earned income.

*NMGM ITF* for the purchase and development of fixed assets specific to the *NMGM ITF* project. The source of this fund is transfers from the General fund.

**Unrestricted General Funds:**

Comprise funds available for use of the Trustees in furtherance of the general objectives of NML.

**Restricted Funds**

Are funds subject to specific restriction imposed on them by donors or by the purpose of the appeal.

**Revenue: Restricted**

Within this group are:

*Collection purchase fund* for additions to the collections. The source of this fund is charitable donations and investment income derived from unconsolidated separate trust funds.

*Development fund* for the financing of running costs of projects, curatorial activities and the museums and galleries exhibitions programme. The source of the funds is grants and charitable donations.

*Lottery Lutyens fund* for the restoration of Edwin Lutyens model of the Liverpool Catholic Cathedral. The source of this fund is the Heritage Lottery Fund.

**National Museums & Galleries on Merseyside**  
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**Capital Asset funds: Restricted**

Within this group are:

<i>NMGM ITF lottery</i>	for the purchase and development of fixed assets specific to the <i>NMGM ITF</i> project. The source of this fund is the Heritage Lottery Fund.
<i>NMGM ITF ERDF</i>	for the purchase and development of fixed assets specific to the <i>NMGM ITF</i> project. The source of this fund is the European Regional Development Fund.
<i>ERDF Capital</i>	for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the European Regional Development Fund.
<i>Development fund / Development fund ITF</i>	for the purchase and development of fixed assets, including the <i>NMGM ITF</i> project. The source of this fund is charitable donations.
<i>NWDA Capital</i>	for the purchase and development of fixed assets, specifically the Museum of Liverpool, International Slavery Museum and the Dock Traffic Office. The source of this fund is the Northwest Development Agency.
<i>NWDA ITF</i>	for the purchase and development of fixed assets, specifically the <i>NMGM ITF</i> . The source of this fund is the Northwest Development Agency.
<i>Lottery capital</i>	for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the Heritage Lottery Fund.
<i>Tomlinson Fund</i>	for the purchase and development of fixed assets for the Merseyside Maritime Museum, World Museum Liverpool and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

<b>15. Analysis of group net assets between funds</b>	Fund balances at 31 March 2008 are represented by:	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
	Tangible fixed assets	119,086	90,255	209,341
	Net current assets excluding cash	2,075	267	2,342
	Cash	<u>2,593</u>	<u>2,618</u>	<u>5,211</u>
		<u>123,754</u>	<u>93,140</u>	<u>216,894</u>
	Unrealised gains included above:			
	On tangible fixed assets and investments	<u>14,596</u>	<u>3,584</u>	<u>18,180</u>

**National Museums & Galleries on Merseyside**  
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**16. Customs & Excise National Museum**

The Trustees of NML act as custodians and Trustees of the collections that constitute the National Collections of the Board of HM Revenue and Customs (HMRC).

Possession of the National Collection has passed to NML under a deed of trust which allows NML to hold and display the National Collection for a period not exceeding 21 years from April 1994.

NML receives from the HMRC an annual Grant-in-Aid payment which allows the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by HMRC in respect of grant-in-aid are made from the HM Revenue and Customs Resource Account for 2007/08 which is audited and published separately.

Transactions in respect of the museum are shown within the Restricted Income and Expenditure Funds.

**Capital Grants**

The development of the permanent gallery and associated facilities has taken place with the assistance of capital grants from HMRC. These grants are held within restricted funds and are applied as authorised expenditure is made.

The funding position as regards capital Grant-in-Aid is as follows:

	<b>£000</b>
<b>Application of Funds</b>	
Total funds received as at April 2007	1,153
Funds received in year	145
Virement from Revenue Grant	<u>16</u>
<b>Total funds received as at 31 March 2008</b>	<b><u>1,314</u></b>
Funds applied as at 1 April 2007	(880)
Funds applied in year	<u>(373)</u>
<b>Funds applied as at 31 March 2008</b>	<b><u>(1,253)</u></b>
<b>Unapplied capital funding at 31 March 2008</b>	<b><u>61</u></b>

**Running Cost Grant-in Aid**

The funding position for 2007-2008 is as follows:

<b>Application of Funds</b>	
Unapplied funds as at 1 April 2007	57
2007-2008 Grant-in-Aid	330
Repayment of b/f balance	-
	<u>—</u>
Total Available GiA funds	<b><u>387</u></b>
Virement to Capital funds	<u>(16)</u>
Funds applied to the running of the museum	<b><u>(302)</u></b>
<b>Unapplied funds as at 31 March 2008</b>	<b><u>69</u></b>

**National Museums & Galleries on Merseyside**  
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- 17. Gower St Estates Ltd.** NML is a member of Gower Street Estates Limited a company formed to manage the areas within the Albert Dock formerly managed by the Merseyside Development Corporation (MDC).

GSEL is a company limited by guarantee, the other members being the lessees within the Albert Dock Estate also affected by the abolition of the MDC, together with new lessees within the estate.

The company is managed by a Board of Directors all of whom are appointed by the members. NML's nominated director was J Hendry, ARICS. J Hendry left in October 2006 and the nominated director position has been filled by Anthony Tibbles since 18/10/2007. Directors of the company are not remunerated.

There are no employees of the company, the practical management of the estate being delegated to CB Richard Ellis.

The gross expenditure of the company is netted down by any income generated, with the residual amount being covered by a service charge to members calculated by reference to an agreed cost sharing formula.

NML's contribution for the year, under this arrangement, was £79,591.

- 18. Capital Commitments** The Museum of Liverpool dominates NML's recent and anticipated capital programme. Contracts to the value of £53.1m have been let, approximately £25.3m of this amount has been spent and funded with c. £27.8m committed and remaining to be paid. This value represents 95% of NML's outstanding capital commitments which is currently stands at £29.3m.

£million	Total Cost	Contracted for Costs	Spent & Funded	Total Project Cost Outstanding	Contracted for Outstanding
<b>Project</b>					
Museum of Liverpool - Build	51.773	47.436	22.315	29.458	25.121
Museum of Liverpool - Fit Out	19.985	5.695	3.017	16.968	2.678
	<b>71.758</b>	<b>53.131</b>	<b>25.332</b>	<b>46.426</b>	<b>27.799</b>
Customs and Excise Museum	0.897	0.897	0.434	0.463	0.463
Sudley House	1.123	1.123	1.060	0.063	0.063
LLAG Phase 1	0.529	0.529	0.529	0.000	0.000
LLAG Phase 2	0.451	0.351	0.047	0.404	0.304
LLAG Phase 3	0.356	0.000	0.000	0.356	0.000
Egyptian Gallery	0.600	0.489	0.098	0.502	0.391
ISM Phase 1	4.048	3.930	3.756	0.292	0.174
ISM Phase 2	5.704	0.000	0.000	5.704	0.000
Other Projects	0.355	0.355	0.283	0.072	0.072
Capital Repairs	0.802	0.381	0.381	0.421	0.000
<b>Total</b>	<b>86.623</b>	<b>61.186</b>	<b>31.920</b>	<b>54.703</b>	<b>29.266</b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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**19. Cash flow information**

**Reconciliation of net incoming resources to net cash inflow from operating activities**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Net incoming resources before revaluations	18,788	914
Depreciation	5,870	5,562
Loss on disposals	4	-
Interest received	(271)	(285)
Gifts	(1,184)	(160)
(Increase)/decrease in stocks	(21)	107
Increase in debtors	(5,393)	(120)
(Decrease)/increase in creditors	(159)	38
Net cash inflow from operating activities	<u>17,634</u>	<u>6,056</u>

**Reconciliation of net cash flow to movement in net funds**

Increase in cash in the period		
Movement in net funds in the period	(1,133)	(365)
Net funds at 1 April	<u>6,344</u>	<u>6,709</u>
Net funds at 31 March	<u>5,211</u>	<u>6,344</u>

**Analysis of net funds**

	01-Apr 2007 £000	<b>Cash Flow £000</b>	31-Mar 2008 £000
Cash	<u>6,344</u>	<u>(1,133)</u>	<u>5,211</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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**20 .Related Party Transactions**

National Museums Liverpool is a Non-Departmental Body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party with which, during the year, NML conducted a number of transactions.

Additionally NML has conducted material transactions with other Government Departments and other central bodies; specifically the DBERR formerly DTI, Heritage Lottery Fund, National Heritage Memorial Fund, HM Revenue and Customs and the Millennium Commission.

Trustees and senior staff took no part in any discussion which concerned organisations or bodies that trustees and senior staff have connections with as reported in the Register of Members Interests.

During the year none of the Trustees or senior staff has undertaken any material connected party transactions apart from those detailed below.

(a) Board members

<b>Name &amp; Position</b>	<b>Related Party</b>	<b>Position</b>	<b>Income from Related Party £</b>	<b>Payments to Related Party £</b>	<b>Nature of transaction</b>
Lloyd Grossman	Liverpool Culture Company Ltd Deputy Chairman		58,021		Sponsorship and donations towards painting commission; and Portrait of a Nation project.
			160,000		Contribution towards the exhibition programme. The full amount represents a debtor.
		11,400		Personal donation towards the International Slavery Museum	
Lorraine Rogers	Tranmere Rovers	Chairman		300	Sponsorship of a footballer at the football club
	Royal Liverpool Philharmonic	Chairman		600	Advertising and a choir performance

**National Museums & Galleries on Merseyside**  
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<b>Name &amp; Position</b>	<b>Related Party</b>	<b>Position</b>	<b>Income from Related Party £</b>	<b>Payments to Related Party £</b>	<b>Nature of transaction</b>
Lorraine Rogers	The Mersey Partnership	Chief Executive	10,000		Contribution towards foreign travel leaflets
				11,200	Corporate membership and table at tourism awards
Bryan Gray MBE,DL	Northwest Development Agency	Chairman	3,750		Sponsorship of painting commission.
			12,953,574		Grant funding for the Museum of Liverpool capital project. Of this £4,311,640 is a debtor balance.
			90,000		Sponsorship of the ISM opening activities.
Sir Neil Cossons OBE	English Heritage	Chairman	3,348		Laser training courses
Anil Ruia OBE	University of Manchester Trustee			600	Domain names renewal
			1,740		Conservation of Denis Mitchell statue
	Northwest Development Agency	Board Member	12,953,574		Grant funding for the Museum of Liverpool capital project. Of this £4,311,640 is a debtor balance.
			90,000		Sponsorship of the ISM opening activities.
			3,750		Sponsorship of painting commission.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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(b) Staff

<b>Name &amp; Position</b>	<b>Related Party</b>	<b>Position</b>	<b>Income from Related Party £</b>	<b>Payments to Related Party £</b>	<b>Nature of transaction</b>
Dr David Fleming OBE	Bluecoat Arts centre	Board member		1,300	Dance performances

**21. Contingent Liabilities**

There are no contingent liabilities.

**22. Post Balance Sheet Events**

There were no post balance sheet events.

The financial statements were authorised for issue by the Accounting Officer on 1 December 2008.

**23. Connected Charities**

Nine charitable trusts are connected to NML via a commonality of trusteeship and a close association of charitable purpose. The earliest of the trusts was created in 1873 and each one came into existence before NML was formed in 1986. The trusts have a distinct legal identity.

The funds are pooled into expendable capital and non-expendable categories as authorised by the Charity Commissioners.

The Financial Statements of the satellite trusts do not form part of these accounts.

A separate fund; the Tomlinson Fund is managed by Rathbone Investment Management. This legacy forms part of the Museum restricted account and, the results and net assets of the fund are summarised on the next page.

NML will monitor the status of the American Friends of the National Museums Liverpool (AFNML) and the affect it may have on the Museum's accounts in future years.

**National Museums & Galleries on Merseyside**  
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<b>Tomlinson Fund</b>				
<b>Statement of Financial Activities</b>	<b>Income</b>	<b>Capital</b>	<b>Total 2008</b>	<b>Total 2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Incoming Resources:</b>				
Legacies	-	-	-	1,550
Investment income	53	-	53	5
<b>Resources expended:</b>				
Legacy handling costs	-	-	-	-
Governance costs	(7)	-	(7)	(5)
Charitable Activities	-	-	-	-
Depreciation	-	(61)	(61)	-
<b>Net incoming / (Outgoing) resources</b>	<b><u>46</u></b>	<b><u>(61)</u></b>	<b><u>(15)</u></b>	<b><u>1,550</u></b>
Gains and losses on sale proceeds	-	25	25	-
Gains and losses on revaluation	-	(45)	(45)	24
<b>Net Movement in Funds</b>	<b><u>46</u></b>	<b><u>(81)</u></b>	<b><u>(35)</u></b>	<b><u>1,574</u></b>
Fund Balances at 1 April	-	1,574	1,574	-
<b>Fund Balances at 31 March</b>	<b><u>46</u></b>	<b><u>1,493</u></b>	<b><u>1,539</u></b>	<b><u>1,574</u></b>
<b>Balance Sheet</b>				
Fixed Assets	-	540	540	-
Investments	-	276	276	1,510
Cash at Bank	730	-	730	68
Creditors	(7)	-	(7)	(4)
<b>Total Assets less current liabilities</b>	<b><u>723</u></b>	<b><u>816</u></b>	<b><u>1,539</u></b>	<b><u>1,574</u></b>
<b>Fund Balances at 31 March</b>	<b><u>723</u></b>	<b><u>816</u></b>	<b><u>1,539</u></b>	<b><u>1,574</u></b>

The Trustees have expended £702,636 in respect of the distribution of capital and income to NML, this consisted of:

	<b>£</b>
Egypt Gallery (WML)	52,433
Temp Exhibition Refurb (WML)	47,082
International Slavery Museum (MMM)	603,121
	<u>702,636</u>

A sum of £99,514.87 is due to be transferred from the Tomlinson bank account into the Museum main bank account.

**24.**  
**Investments**

**Year ended 31 March 2008**

<b>Summary</b>	<b>£000s</b>
Carrying value (market value) at beginning of year	1,510
Add:	
Additions to investments at cost	97
Less:	
Disposals at carrying value	(1,286)
Add/deduct:	
Net Gain/(Loss) on revaluation	<u>(45)</u>
Carrying value (market value) at end of year	<u>276</u>

The above are all listed on the UK stock exchange.

The investments have been treated as current assets as they are not to be held long term, and the intention is to realise the asset without reinvestment of the sale proceeds.

## National Museums & Galleries on Merseyside

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This page of the financial statements does not fall within the remit of the Comptroller & Auditor General's opinion.

	2008 £000	2007 £000
<b>Incoming resources</b>		
Grant-in-aid DCMS	18,976	18,403
Incoming resources from generated funds:		
Other Grants and Donations	53	75
Merchandising Income of subsidiary company	1,664	1,750
Investment Income	169	231
Incoming resources from charitable activities	<u>959</u>	<u>943</u>
<b>Total incoming resources</b>	<b><u>21,821</u></b>	<b><u>21,402</u></b>
<b>Resources expended</b>		
<i><b>Costs of activities in furtherance of the objects of the charity:</b></i>		
Fundraising costs	594	528
Costs of subsidiary company merchandising	1,814	1,976
Charitable activities;		
Operating expenditure (excluding depreciation)	17,445	18,734
Grants to third parties	199	238
Activities of charity staff	810	572
Governance costs	<u>276</u>	<u>245</u>
<b>Total resources expended</b>	<b><u>21,138</u></b>	<b><u>22,293</u></b>
<b>Surplus on free income funds before transfers between funds</b>	<b>683</b>	<b>(891)</b>
<b>Transfers to designated funds</b>	<b><u>(714)</u></b>	<b><u>(464)</u></b>
Surplus/(Deficit) on free income funds for the year	<b>(31)</b>	<b>(1,355)</b>
Balance brought forward at 1 April	<u>2,575</u>	<u>3,930</u>
Balance carried forward at 31 March	<u>2,544</u>	<u>2,575</u>
The balance on free income funds comprised:	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Collection purchase fund	72	143
C & E admissions	131	121
Academic Publications	153	135
General funds	<u>2,188</u>	<u>2,176</u>
Balance at 31 March	<u>2,544</u>	<u>2,575</u>



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